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Next EDC Resolution Number SPEDC2023-021



SAN PABLO EDC
putting people to work

SAN PABLO ECONOMIC DEVELOPMENT CORPORATION BOARD MEETING AGENDA

Board of Directors

Xavier Abrams, Chair

Genoveva Garcia Calloway, Vice Chair (excused absence)

Kanwar Singh, Treasurer

Saman Farid, Director

Patricia Ponce, Director

**TUESDAY, August 29th, 2023
6:00 PM**

Copies of this agenda and non-exempt public records relating to an open session item on this agenda will be available upon request to saeidb@sanpabloedc.org. The agenda may also be viewed at www.SanPabloEDC.org.

CALL TO ORDER OF ANNUAL MEETING/ PLEDGE OF ALLEGIANCE/ ROLL CALL

PUBLIC COMMENTS: The public is encouraged to address the San Pablo EDC Board on any matter listed on the agenda or any other matter within its jurisdiction subject to the rules of decorum to be described and acted on by the Board. If you wish to address the Board, please email saeidb@sanpabloedc.org with "Speaker Form" in the subject line. The Board will hear public comments on items listed on the agenda during discussion of the matter and prior to a vote.

EXECUTIVE DIRECTOR REMARKS

CONSENT AGENDA

All matters listed in the Consent Agenda section will be considered routine by the Board and will be enacted by one motion. The disposition of the item is indicated. There will be no separate discussion of these items. If discussion is requested, that item will be removed from the section entitled Consent Agenda and will be considered separately.

CONSENT AGENDA (2 items)

1. Minutes of the June 21, 2023 regular meeting (pages 3-4)

Recommendation: Approve

2. Resolution authorizing letter of engagement with Maze & Associates for Audit and Tax Preparation Services (pages 5-17)

Recommendation: Approve

*** * * END OF CONSENT AGENDA * * ***

REGULAR AGENDA – ITEMS FOR DISCUSSION

1. San Pablo EDC FY22-23 Financial Statements ending June 30, 2023 (pages 18-24)
Receive and file
2. Resolution authorizing execution of the fiscal year 2023-24 Subrecipient Contract for \$117,700 with Rubicon Programs for delivery of WIOA AJCC workforce services under the Contra Costa Workforce Collaborative (pages 25-37)
Recommendation: Approve

ADJOURNMENT

Adjourn to next regular meeting is scheduled for **Wednesday, September 20, 2023**, at 6:00 pm.

**MINUTES OF THE SAN PABLO ECONOMIC DEVELOPMENT CORPORATION BOARD OF
DIRECTORS REGULAR MEETING**

WEDNESDAY, JUNE 21, 2023

ROLL CALL

The Board of Directors (Board) meeting was called to order at 6:16 PM in the San Pablo Economic Development Corporation (San Pablo EDC) Offices at 1000 Gateway Avenue, First Floor, San Pablo, California. Present were Chair Xavier Abrams, Vice Chair Genoveva Calloway, and Director Patricia Ponce. Also present were Executive Director Leslay Choy and Board Secretary Saeid Babay Hosseini. Treasurer Kanwar Singh and Director Saman Farid had an excused absence.

PUBLIC COMMENTS

There were no public comments.

EXECUTIVE DIRECTOR REMARKS

Executive Director Choy updated the Board on San Pablo City Council's June 5th recognition of the Small Business of the Year, as well as the Wells Fargo grant award for fiscal year 2023-24.

CONSENT AGENDA

1. Minutes of the May 17, 2023 regular meeting
Recommendation: Approve
2. San Pablo EDC FY22-23 Financial Statements ending April 30, 2023
Recommendation: Receive and file

It was moved by Director Ponce, seconded by Vice Chair Calloway, and passed by a vote of those present to adopt the items on the Consent Agenda. The motion passed as follows:

AYES: Abrams, Calloway, Ponce
NOES: None
ABSTAIN: None
ABSENT: Farid, Singh

REGULAR AGENDA

Resolution adopting Fiscal Year 2023-24 Budget composed of a total income budget of \$2,080,551 and a total expense budget of \$1,799,235

Executive Director Choy introduced the item and reviewed each section of the budget, outlining any significant changes from the previous fiscal year. After reviewing the income summary, expense summary and executive overview, it was moved by Vice Chair Calloway, seconded by Director Ponce, and passed by a vote of those present to adopt **RESOLUTION SPEDC2023-020**, a resolution to adopt the fiscal year 2023-2024 budget composed of a total income budget of \$2,080,551 and a total expense budget of \$1,799,235.

AYES: Abrams, Calloway, Ponce
NOES: None
ABSTAIN: None
ABSENT: Farid, Singh

ADJOURNMENT

It was moved by Vice Chair Calloway and seconded by Chair Abrams to adjourn the meeting at 6:31 PM to the next regular meeting scheduled for **Wednesday, July 19, 2023** at 6:00 PM.

Respectfully submitted,

Saeid Babay Hosseini, Board Secretary

Xavier Abrams, Chair

SAN PABLO EDC BOARD REPORT



DATE: August 29, 2023

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TO: San Pablo EDC Board

FROM: Leslay Choy, Executive Director

SUBJECT: RESOLUTION OF THE SAN PABLO ECONOMIC DEVELOPMENT CORPORATION BOARD OF DIRECTORS AUTHORIZING LETTER OF ENGAGEMENT WITH MAZE & ASSOCIATES FOR FISCAL YEAR 2022-2023 FINANCIAL AUDIT AND TAX PREPARATION SERVICES AND RATIFYING BUDGET EXPENSE NOT TO EXCEED \$13,000

RECOMMENDED ACTION

The Executive Director recommends the Board of Directors:

1. Approve resolution

BACKGROUND

The San Pablo Economic Development Corporation (San Pablo EDC) Board of Directors (Board) annually considers the letter of engagement from the auditor for audit and tax preparation services, which was received July 25, 2023.

San Pablo EDC has a positive and productive relationship with Maze & Associates, a firm that has consistently produced sound audits and tax filings on behalf of the organization and its wholly owned entity, Healthy Eating Active Living, LLC (HEAL). Following the best practice advice discussed with the Finance Committee to change the lead auditor every few years, for fiscal year 2022-23 (FY22-23) services, David Alvey, CPA, a technical review partner from Maze & Associates, will lead the audit team for a third year. Mr. Alvey is a graduate of St. Mary's College with both nonprofit and municipal audit experience.

Maze and Associates prepares audited financial statements and tax returns for over thirty (30) non-profit organizations in the Bay Area. Their professional staff attend the Not-for-Profit Annual Conference to stay in tune with issues nonprofits face. This is also a firm whose recommendation is supported by Community Vision, the new markets tax credit (NMTC) allocatee on the Rumrill Sports Park project.

The financial statements Maze and Associates prepare not only comply with Generally Accepted Accounting Principles (GAAP) and pronouncements issued by the Financial Accounting Standards Board (FASB), but are also easy to read and informative.

ANALYSIS

Maze and Associates' business is to provide audit and tax preparation services that help their clients succeed. They are available when staff have accounting questions or system problems. Unique among CPA firms is that their fee includes calls for professional tax, accounting and compliance advice throughout the year. The revised proposed FY22-23 scope of work and outlined fees follow.

1. Audit of Financial Statements and Issuance of Memorandum on Internal Controls: \$9,855
2. Preparation of Federal IRS Form 990 & California Forms 199 and RRF-1 for San Pablo EDC: \$2,715

While preparation of tax forms for HEAL, LLC, was offered, this service was declined and removed from the scope, as HEAL's final tax return was filed last year, and all government agencies notified. In total, the fees as proposed are \$12,570.

Should the Board approve execution of this letter of engagement, the reports would be issued no later than October 31, 2023, with tax filings before the November 15th deadline. The report will be conducted virtually with a secure exchange of files, unless in-person meetings and document review are required. The audit and tax return will be brought before the Board for discussion ahead of filing.

The Board is asked to authorize execution of the engagement letter with Maze and Associates for FY22-23 auditing and tax preparation services and ratify FY23-24 budget expense not to exceed \$13,000.

FISCAL IMPACT

Fiscal impact will not exceed \$13,000 and will be allocated as Operations class up to \$8,000 and Measure S class up to \$5,000 to expense account 62110 Accounting & Audit.

Attachments

1. Maze & Associates Letter of Engagement dated July 25, 2023

RESOLUTION SPEDC2023-0

RESOLUTION OF THE SAN PABLO ECONOMIC DEVELOPMENT CORPORATION BOARD OF DIRECTORS AUTHORIZING LETTER OF ENGAGEMENT WITH MAZE & ASSOCIATES FOR FISCAL YEAR 2022-2023 FINANCIAL AUDIT AND TAX PREPARATION SERVICES AND RATIFYING BUDGET EXPENSE NOT TO EXCEED \$13,000

WHEREAS, the San Pablo Economic Development Corporation (San Pablo EDC) Board of Directors (Board) annually considers the letter of engagement from the auditor; and

WHEREAS, San Pablo EDC has a positive and productive relationship with Maze & Associates, a firm that has consistently produced sound audits and tax filings on behalf of the organization and its wholly owned entity, Healthy Eating Active Living, LLC (HEAL); and

WHEREAS, Following the best practice advice discussed with the Finance Committee to change the lead auditor every few years, for fiscal year 2022-23 (FY22-23) services, David Alvey, CPA, a technical review partner at Maze & Associates, will lead the audit team; and

WHEREAS, Maze and Associates prepares audited financial statements and tax returns for over thirty (30) non-profit organizations in the Bay Area, and the financial statements Maze and Associates prepare not only comply with Generally Accepted Accounting Principles (GAAP) and pronouncements issued by the Financial Accounting Standards Board (FASB), but are also easy to read and informative; and

WHEREAS, Maze and Associates proposed audit services fees includes San Pablo EDC staff calls for professional tax, accounting and compliance advice throughout the year; and

WHEREAS, their proposed FY22-23 scope of work includes the Audit of Financial Statements and Issuance of Memorandum on Internal Controls for \$9,855, and Preparation of Federal IRS Form 990 & California Forms 199 and RRF-1 for San Pablo EDC for \$2,715, with total fees amounting to \$12,570; and

WHEREAS, should the Board approve execution of this letter of engagement, the reports would be issued no later than October 31, 2023, with tax filings before the November 15th deadline; and

WHEREAS, fiscal impact will not exceed \$13,000 and will be allocated as Operations class up to \$8,000 and Measure S class up to \$5,000 to expense account 62110 Accounting & Audit.

NOW, THEREFORE, BE IT RESOLVED by the San Pablo Economic Development Corporation Board of Directors, as follows:

- 1) Authorize execution of the engagement letter with Maze and Associates for FY22-23 auditing and tax preparation services and ratify FY23-24 budget expense not to exceed \$13,000.

ADOPTED this 29th day of August, 2023, by the following vote, to wit:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

APPROVED:

Saeid Babay Hosseini, Board Secretary

Xavier Abrams, Board Chair

July 25, 2023

Leslay Choy, Executive Director
San Pablo Economic Development Corporation
1000 Gateway Avenue, First Floor
San Pablo, CA 94806

Dear Leslay:

We are pleased to confirm our understanding of the services we are to provide for the San Pablo Economic Development Corporation for the year ended June 30, 2023.

Audit Scope and Objectives

The services we have been engaged to provide are outlined below, but we are also available to provide additional services at your request:

- 1) Audit of Financial Statements and Issuance of Memorandum on Internal Controls
- 2) Preparation of Federal IRS Form 990 and California Forms 199 and RRF-1 for San Pablo EDC
- 3) Preparation of tax forms for HEAL, LLC

Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis, to supplement the Organization's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Organization's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

If the Organization's financial statements are accompanied by supplementary information other than RSI, we will subject the supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements.

In connection with our audit of the basic financial statements, we will read the other information accompanying the financial statements and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles (GAAP); and report on the fairness of the accompanying supplementary information when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance, but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout an audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Organization or to acts by management or employees acting on behalf of the Organization.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of physical existence of inventories, and direct confirmation of cash, investments and certain other assets and liabilities by correspondence with selected customers, creditors and financial institutions. We will also request written representations from your attorneys as part of the engagement, and they may bill the Organization for responding to this inquiry.

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Audit Procedures - Internal Control

We will obtain an understanding of the Organization and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and the Council internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Organization's compliance with provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance, and we will not express such an opinion.

Other Services

We will also assist in preparing the financial statements and related notes in conformity with GAAP based on information provided by you.

We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedures or take any action that could be construed as assuming management responsibilities.

Management agrees to assume all management responsibilities for the financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with GAAP with the oversight of those charged with governance.

Management is responsible for making drafts of financial statements, all financial records and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). We understand that the Organization will provide us with the Closing Checklist information required for our audit and that the Organization is responsible for the accuracy and completeness of that information. Management is also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters, (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from management about the financial statements and related matters.

Management's responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Management's responsibilities include informing us of its knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, regulators, or others. In addition, management is responsible for identifying and ensuring that the Organization complies with applicable laws and regulations.

With regard to including the auditor's report in an exempt offering document, you agree that the aforementioned auditor's report, or reference to Maze & Associates, will not be included in any such offering document without our prior permission or consent. Any agreement to perform work in connection with an exempt offering document, including an agreement to provide permission or consent will be a separate engagement. With regard to an exempt offering document with which Maze & Associates is not involved, you agree to clearly indicate in the exempt offering document that Maze & Associates is not involved with the contents of such offering document.

Management is responsible for the preparation of the supplementary information in conformity with GAAP. Management agrees to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. Management also agrees to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Management's responsibilities include acknowledging to us in the representation letter that: (1) management is responsible for presentation of supplementary information in accordance with GAAP; (2) that management believes the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) management has disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Management agrees to assume all management responsibilities for financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

Engagement Administration, Fees, and Other

The audit documentation for this engagement is our property and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Maze & Associates personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies. We will retain audit documentation for this engagement for seven years after the report release date pursuant to state regulations.

We expect to begin our audit in August 2023 and to issue our reports no later than October 31, 2023. David Alvey is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

To ensure that Maze & Associates' independence is not impaired under the AICPA *Code of Professional Conduct*, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

Our fees for these services are billed based on our contract with the Organization. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if the Organization's account becomes thirty days or more overdue and may not be resumed until the Organization's account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

These fees are based on anticipated cooperation from Organization personnel, the completion of schedules and data requested on our Checklists by Organization personnel, preparation of audit confirmations we request by Organization personnel, location of any documents selected by us for testing, and the assumption that there will be no unexpected increases in work scope, such as new debt issues, etc., or delays which are beyond our control, as discussed on the Fees Attachment to this letter. If significant additional time is necessary, we will discuss it with Organization management and arrive at a new fee before we incur any additional costs.

We understand you will provide us with basic workspace sufficient to accommodate the audit team assigned to your audit. We understand the basic workspace will be equipped with a telephone and direct Internet access, preferably a temporary network outside of your network, a public IP address and a wired connection. We understand you will also provide us with access to a fax machine and read only access to your general ledger system.

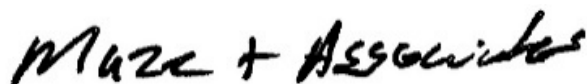
You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

Our most recent peer review report accompanies this letter.

Reporting

We will issue a written report upon completion of our audit of the Organization's financial statements, which, if the financial statements include information other than RSI and supplemental information, will also address other information in accordance with AU-C 720, *The Auditor's Responsibilities Relating to Other Information Included in Annual Reports*. Our reports will be addressed to the Organization Council. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with Organization management in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or may withdraw from this engagement.

We appreciate the opportunity to be of service to the Organization and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign and return a full copy of this letter to us.



Maze & Associates

RESPONSE:

This letter correctly sets forth the understanding of the Organization.

By: _____

Title: _____

Date: _____

San Pablo Economic Development Corporation
Engagement Letter
Fees Attachment
June 30, 2023

Our fees for the work described in the attached engagement letter will be as follows, unless they are adjusted for one or more of the items below.

<u>Item</u>	<u>Fee</u>
1	\$9,855
2	2,715
3	<u>760</u>
Total	<u>\$13,330</u>

2023 Fees – Our recurring fees have been adjusted only for the change in the services component of the Bay Area Cost of Living Index for the San Francisco Bay Area of 4.4%, except as noted below:

Additional Services - The above fees are for audit and assurance services described in the accompanying engagement letter. They do not include fees for assisting with closing the books nor providing other accounting services. Should the Organization require assistance beyond audit services we will provide an estimate before proceeding.

Report Finalization - Our fee is based on our understanding that all information and materials necessary to finalize all our reports will be provided to us before we complete our year-end fieldwork in your offices. In the case of financial statements, this includes all the materials and information required to print the financial statements. As in the past, we will provide final drafts of all our reports before we leave your offices. We will schedule a Final Changes Meeting with you for a date no more than two weeks after we complete our fieldwork. At that meeting, we will finalize all reports for printing. After that date, report changes you make, and changes required because information was not received timely, will be billed at our normal hourly rates.

Post-Closing Client Adjusting Entries - The first step in our year-end audit is the preparation of financial statement drafts from your final closing trial balance. That means any entries you make after handing us your closing trial balance must be handled as audit adjustments, or in extreme cases, by re-inputting the entire trial balance, even if the amounts are immaterial. If you make such entries and the amounts are in fact immaterial, we will bill you for the costs of the adjustments or re-input at our normal hourly rates.

Recurring Audit Adjustments - Each year we include the prior year's adjusting entries as new steps in our Closing Checklist, so that you can incorporate these entries in your closing. If we are required to continue to make these same adjustments as part of this year's audit, we will bill for this service at our normal hourly rates.

Grant Programs Requiring Separate Audit - Grant programs requiring separate audits represent a significant increase in work scope, and fees for these audits vary based on the grant requirements. If you wish us to determine and identify which programs are subject to audit, we will bill you for that time at our normal hourly rates.

Changes in Organization Personnel - Our experience is that changes and /or reductions in Finance Department staff can have a pronounced impact on costs of performing the audit. If such changes occur, we will meet with you to assess their impact and arrive at a new fee before we begin the next phase of our work. However, we reserve the right to revisit this subject at the conclusion of the audit, based on your actual performance and our actual costs.



www.CoughlanNapaCPACo.com
Company@CoughlanNapaCPACo.com

Report on the Firm's System of Quality Control

February 9, 2021

To Maze & Associates Accountancy Corporation and the Peer Review
Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Maze & Associates Accountancy Corporation (the firm) in effect for the year ended May 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

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Member: American Institute of CPAs • California, Hawaii, & Oregon Societies of CPAs

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Maze & Associates Accountancy Corporation in effect for the year ended May 31, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Maze & Associates Accountancy Corporation has received a peer review rating of *pass*.

Coughlan Napa CPA Company, Inc.

Coughlan Napa CPA Company, Inc.

SAN PABLO EDC BOARD REPORT



DATE: August 29, 2023

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TO: San Pablo EDC Board

FROM: Leslay Choy, Executive Director
Bradley Ward, Controller

SUBJECT: SAN PABLO ECONOMIC DEVELOPMENT CORPORATION FISCAL YEAR-END 2022-23
FINANCIAL STATEMENTS THROUGH JUNE 2023

RECOMMENDED ACTION

The Executive Director and Controller recommend the Board of Directors:

1. Receive and file report

BACKGROUND

The San Pablo Economic Development Corporation (San Pablo EDC) Board of Directors (Board)

Board of Directors (Board) reviews the organization's financial reports. These reports are received and reviewed in advance by Board Treasurer and Finance Committee member, Kanwar Singh. Financials compare year-to-date expenses to annual budget in a format recommended by Treasurer Singh.

Invoice demands for the reimbursement-based National Dislocated Worker Grant (NDWG) in the amount of \$150,000 (effective 09/01/2022 – 03/28/2023) have been fully submitted and approved. All goals were met or exceeded despite the extraordinarily short timeline. At its May 17, 2023 meeting, the Board approved the mid-year budget adjustment, which modestly lowered revenue and expense while rebalancing expenses.

ANALYSIS OF FINANCIAL REPORTS

Attached is a set of financial reports through fiscal year end (FYE) June 2023. The lead item is the balance sheet, which shows the organization's financial position as of June 30, 2023. The June balance sheet reflects assets of \$4,639,177, liabilities of \$1,871,394 and equity of \$2,767,783. Note that the COSP 120 funds administered on behalf of the City of San Pablo for the B2B and Mini-BIGs programs reflect a multi-year contract total of \$900,000 less revenue earned as of each financial close on the balance sheet under account 25800 "Unearned or Deferred Revenue." This is also where the unearned portion of the professional services agreement with the City of San Pablo for general operations resides, and changes the month-over-month liabilities, reducing as the year advances.

The second section of the report is the FYE 2022-23 profit and loss (P&L) total statement through June 30, 2023 with comparison to budget. The P&L statements are presented as a summary of the Total Budget for Operations, Measure Q and Total Grants, followed by detailed operations for each budget class. The first column represents revenue and expenses by budget item as of fiscal year end; second column represents total budget; third column represents fiscal year-end variance to budget. EDC recognizes income on an accrual basis.

The first part of the Total P&L statement is revenue (income). Fiscal year 2022-23 (FY22-23) had total income of \$1,969,028, representing 98% of budgeted income as of fiscal year end. The "shortfall" in **44400 Government Contracts** is the difference represented by a budgeted amount versus actual earned. San Pablo EDC has two multi-year grants, and the one for Equity and Special Populations, given the unanticipated additional National Dislocated Worker Grant, did not spend down as anticipated, so the revenue was not earned in FY22-23, but will be in FY23-24. It is not a shortfall, but rather, deferred revenue.

The second part of the P&L represents expenses, the bulk of which are 62100 Contract Services, 65000 Operations and 66000 Payroll. Total FY22-23 expenses were \$1,305,242 or 89% of budget.

Monthly non-cash depreciation of \$3,739 for the EDC's commercial building asset, Mission Plaza, is accounted for as "other expense" in account 70100, as it does not affect operations. By classifying it this way, the EDC separates operations and cash usage from non-cash activity. This is referred to as EBITDA or earnings before interest, taxes, depreciation and amortization.

Despite an unusual year of settling into the new normal post-COVID, troubling inflation and unprecedented cost increases, the organization finished good financial standing. Executive Director Choy and Controller Ward are mindful of sustained inflation and economic recession impacts. They are also tracking sales tax revenue trends that may impact contracts and advancing lease negotiations with a credit tenant, while opening up additional conversations with other funders to further the work of the organization. They will continue to maintain proactive, transparent dialogue with the Board on any items of financial import to the organization.

Attachments

1. San Pablo EDC FYE 2022-23 Financial Statements through June 2023

San Pablo Economic Development Corporation

Balance Sheet

As of June 30, 2023

	<u>Jun 30, 23</u>
ASSETS	
Current Assets	
Checking/Savings	
10000 · SPEDC Checking Account	1,035,625
10005 · Money Market ...1115	2,001,863
10015 · TCU Checking /Savings Account	173
Total Checking/Savings	<u>3,037,661</u>
Accounts Receivable	
11000 · Accounts Receivable	283,055
Total Accounts Receivable	<u>283,055</u>
Other Current Assets	
10100 · Petty Cash	100
12000 · Undeposited Funds	9,494
13000 · Prepaid Expenses	706
Total Other Current Assets	<u>10,300</u>
Total Current Assets	<u>3,331,016</u>
Fixed Assets	
14100 · Buildings - Operating	1,540,000
14200 · Accumulated Depreciation	(231,839)
Total Fixed Assets	<u>1,308,161</u>
TOTAL ASSETS	<u><u>4,639,177</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 · Accounts Payable	50,892
Total Accounts Payable	<u>50,892</u>
Credit Cards	
20500 · SPEDC Credit Card	2,848
Total Credit Cards	<u>2,848</u>
Other Current Liabilities	
24000 · Payroll Liabilities	9,790
25800 · Unearned or Deferred Revenue	479,971
25810 · Repair credit for Mission Plaza	24,293
25820 · Security Deposit	3,600
Total Other Current Liabilities	<u>517,654</u>
Total Current Liabilities	<u>571,394</u>
Long Term Liabilities	
27100 · Notes, Mortgages, and Leases	1,300,000
Total Long Term Liabilities	<u>1,300,000</u>
Total Liabilities	<u>1,871,394</u>
Equity	
32100 · Operations Net Assets	2,330,810
32500 · Meas Q Net assets	143,058
Net Income	293,915
Total Equity	<u>2,767,783</u>
TOTAL LIABILITIES & EQUITY	<u><u>4,639,177</u></u>

San Pablo Economic Development Corporation
Profit & Loss Budget vs. Actual
July 2022 through June 2023

		Total Operations			
		Jul '22 - Jun 23	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense					
Income					
43400 · Direct Public Support	12,510	15,000	(2,490)	83%	
44400 · Government Contracts	562,500	562,500		100%	
44500 · Government Grants					
45000 · Investments	2,130	200	1,930	1,065%	
46400 · Other Types of Income	25,053	25,500	(447)	98%	
47200 · Program Income	238,415	231,400	7,015	103%	
Total Income	840,608	834,600	6,008	101%	
Gross Profit	840,608	834,600	6,008	101%	
Expense					
60300 · Awards and Grants					
60900 · Business Expenses	4,994	7,550	(2,556)	66%	
62100 · Contract Services	58,527	66,425	(7,898)	88%	
62800 · Facilities and Equipment	6,772	9,350	(2,578)	72%	
65000 · Operations	120,789	144,760	(23,971)	83%	
65100 · Other Types of Insurance	25,763	33,714	(7,951)	76%	
66000 · Payroll Expenses	130,093	164,741	(34,648)	79%	
66500 · Benefits	58,620	55,320	3,300	106%	
68300 · Travel and Meetings	109	8,500	(8,391)	1%	
69000 · Operational Contingency		500	(500)		
69010 · Bank Service Charges	526				
Total Expense	406,194	490,860	(84,666)	83%	
Net Ordinary Income	434,414	343,740	90,674	126%	
Other Income/Expense					
Other Expense					
70100 · Depreciation & Amortization	44,872				
71500 · Mini-BIG's					
71600 · Back to Business					
Total Other Expense	44,872				
Net Other Income	(44,872)				
Net Income	389,542	343,740	45,802	113%	

San Pablo Economic Development Corporation
Profit & Loss Budget vs. Actual
July 2022 through June 2023

	Measure Q			
	Jul '22 - Jun 23	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
43400 · Direct Public Support				
44400 · Government Contracts				
44500 · Government Grants	215,000	215,000		100%
45000 · Investments				
46400 · Other Types of Income				
47200 · Program Income				
Total Income	<u>215,000</u>	<u>215,000</u>		<u>100%</u>
Gross Profit	<u>215,000</u>	<u>215,000</u>		<u>100%</u>
Expense				
60300 · Awards and Grants	14,500	18,000	(3,500)	81%
60900 · Business Expenses	610	850	(240)	72%
62100 · Contract Services	84,473	118,425	(33,952)	71%
62800 · Facilities and Equipment				
65000 · Operations	35,267	36,350	(1,083)	97%
65100 · Other Types of Insurance				
66000 · Payroll Expenses	139,867	139,867		100%
66500 · Benefits	44,544	44,566	(22)	100%
68300 · Travel and Meetings				
69000 · Operational Contingency				
69010 · Bank Service Charges				
Total Expense	<u>319,261</u>	<u>358,058</u>	<u>(38,797)</u>	<u>89%</u>
Net Ordinary Income	<u>(104,261)</u>	<u>(143,058)</u>	<u>38,797</u>	<u>73%</u>
Other Income/Expense				
Other Expense				
70100 · Depreciation & Amortization				
71500 · Mini-BIG's				
71600 · Back to Business				
Total Other Expense				
Net Other Income				
Net Income	<u><u>(104,261)</u></u>	<u><u>(143,058)</u></u>	<u><u>38,797</u></u>	<u><u>73%</u></u>

San Pablo Economic Development Corporation
Profit & Loss Budget vs. Actual
July 2022 through June 2023

		Total Grants			
		Jul '22 - Jun 23	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense					
Income					
43400 · Direct Public Support	90,000	100,000	(10,000)	90%	
44400 · Government Contracts	823,420	852,846	(29,426)	97%	
44500 · Government Grants					
45000 · Investments					
46400 · Other Types of Income					
47200 · Program Income					
Total Income	913,420	952,846	(39,426)	96%	
Gross Profit	913,420	952,846	(39,426)	96%	
Expense					
60300 · Awards and Grants					
60900 · Business Expenses	29,623	31,717	(2,094)	93%	
62100 · Contract Services	152,020	174,019	(22,000)	87%	
62800 · Facilities and Equipment					
65000 · Operations	5,628	7,428	(1,800)	76%	
65100 · Other Types of Insurance					
66000 · Payroll Expenses	329,639	342,988	(13,349)	96%	
66500 · Benefits	62,877	65,309	(2,432)	96%	
68300 · Travel and Meetings					
69000 · Operational Contingency					
69010 · Bank Service Charges					
Total Expense	579,787	621,461	(41,675)	93%	
Net Ordinary Income	333,634	331,385	2,249	101%	
Other Income/Expense					
Other Expense					
70100 · Depreciation & Amortization					
71500 · Mini-BIG's					
71600 · Back to Business	325,000	325,000		100%	
Total Other Expense	325,000	325,000		100%	
Net Other Income	(325,000)	(325,000)		100%	
Net Income	8,634	6,385	2,249	135%	

San Pablo Economic Development Corporation
Profit & Loss Budget vs. Actual
July 2022 through June 2023

		TOTAL		
	Jul '22 - Jun 23	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
43400 · Direct Public Support	102,510	115,000	(12,490)	89%
44400 · Government Contracts	1,385,920	1,415,346	(29,426)	98%
44500 · Government Grants	215,000	215,000		100%
45000 · Investments	2,130	200	1,930	1,065%
46400 · Other Types of Income	25,053	25,500	(447)	98%
47200 · Program Income	238,415	231,400	7,015	103%
Total Income	<u>1,969,028</u>	<u>2,002,446</u>	<u>(33,418)</u>	<u>98%</u>
Gross Profit	1,969,028	2,002,446	(33,418)	98%
Expense				
60300 · Awards and Grants	14,500	18,000	(3,500)	81%
60900 · Business Expenses	35,227	40,117	(4,890)	88%
62100 · Contract Services	295,020	358,869	(63,849)	82%
62800 · Facilities and Equipment	6,772	9,350	(2,578)	72%
65000 · Operations	161,684	188,538	(26,854)	86%
65100 · Other Types of Insurance	25,763	33,714	(7,951)	76%
66000 · Payroll Expenses	599,599	647,596	(47,997)	93%
66500 · Benefits	166,041	165,195	846	101%
68300 · Travel and Meetings	109	8,500	(8,391)	1%
69000 · Operational Contingency		500	(500)	
69010 · Bank Service Charges	526		526	100%
Total Expense	<u>1,305,242</u>	<u>1,470,379</u>	<u>(165,137)</u>	<u>89%</u>
Net Ordinary Income	663,787	532,067	131,720	125%
Other Income/Expense				
Other Expense				
70100 · Depreciation & Amortization	44,872		44,872	100%
71500 · Mini-BIG's				
71600 · Back to Business	325,000	325,000		100%
Total Other Expense	<u>369,872</u>	<u>325,000</u>	<u>44,872</u>	<u>114%</u>
Net Other Income	<u>(369,872)</u>	<u>(325,000)</u>	<u>(44,872)</u>	<u>114%</u>
Net Income	<u><u>293,915</u></u>	<u><u>207,067</u></u>	<u><u>86,848</u></u>	<u><u>142%</u></u>

SAN PABLO EDC BOARD REPORT



DATE: August 29, 2023

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TO: San Pablo EDC Board

FROM: Leslay Choy, Executive Director

SUBJECT: RESOLUTION OF THE SAN PABLO ECONOMIC DEVELOPMENT CORPORATION BOARD OF DIRECTORS AUTHORIZING EXECUTION OF THE FISCAL YEAR 2023-24 SUBRECIPIENT CONTRACT FOR \$117,700 WITH RUBICON PROGRAMS FOR DELIVERY OF WIOA SERVICES UNDER THE CONTRA COSTA WORKFORCE COLLABORATIVE

RECOMMENDED ACTION

The Executive Director recommends the Board of Directors:

1. Approve resolution

BACKGROUND

Strategy 1: Coalesce diverse partner efforts to provide broad and intentional support services to business and workforce.

Strategy 4: Focus on the organization's fiscal sustainability and revenue diversification.

Through the support of the San Pablo Economic Development Corporation (San Pablo EDC) Board of Directors (Board), San Pablo EDC has been a part of the Contra Costa Workforce Collaborative (CCWC) since fiscal year 2018-19 (FY18-19). One of three (3) organizations offering services in West County, and one of 11 organizations countywide led by Rubicon Programs (Rubicon), San Pablo EDC entered into a sub-recipient agreement for \$28,600 to provide Workforce Innovation and Opportunity Act (WIOA)/American's Job and Career Centers (AJCC) services. San Pablo EDC's primary service area is San Pablo, unincorporated West County, Rodeo and Contra Costa College. Before the Board for its consideration is the fiscal year 2023-24 (FY23-24) subrecipient contract with Rubicon.

San Pablo EDC joined with Rubicon Programs and CCWC colleagues to provide a successful competitive response to the Employment and Human Services Development (EHSD) and Workforce Development Board of Contra Costa County (WDBCCC) to provide WIOA AJCC services for another three-year period, with funding that varies from year to year, beginning July 1, 2022. Each year, based on available funding, goals, budgets and new contracts are negotiated. Federal funding for these programs comes under WIOA and is allocated by the federal government to states who distribute to counties. As San Pablo is a general law city, it may not receive WIOA funding to directly administer, and relies upon whomever the WIOA AJCC service provider might be. In 2018, the county-administered AJCC system was dissolved, putting the funding out as a request for proposal (RFP), and from this opportunity, the CCWC emerged. San Pablo EDC saw CCWC as a long-term, critical opportunity to better serve the disenfranchised workforce, leverage Measure S funding and demonstrate ability to perform with federal funding.

San Pablo EDC has been fortunate to outperform its contract on an annual basis. Staff is skilled and hardworking, and partners are collaborative. Contrary to its position on equity and the realities of the pandemic economy and unemployment rate disproportionately high for minorities, women and low-wage workers, deeply affecting a community like San Pablo, the decision was made at the county level to consistently reduce WIOA/AJCC funding to the CCWC.

ANALYSIS

Participation in the CCWC has afforded the San Pablo EDC opportunities to co-enroll qualified workforce clients served through Measure S and other grant programs (e.g., Kaiser Permanente, National Dislocated Worker Grant, etc.), deepening the supports offered. Further, San Pablo EDC has expanded its direct-served workforce community and has expanded partnerships. In addition to West County, San Pablo EDC also serves WIOA clientele from Alameda, Solano and San Francisco counties and the City of Richmond, as WIOA is “client choice” meaning clients may be served wherever they prefer. San Pablo EDC’s goal is to serve 65 workforce clients under this grant. In FY22-23, the team served 66.

This contract allows San Pablo EDC to leverage funds, directly serve workforce and compete for funding that the organization would have otherwise not had the data to secure. Job training funding for each qualifying WIOA client is paid for directly through an individual training account (ITA) approved by Rubicon and does not come out of the EDC’s funding. For San Pablo residents, WIOA funding may be leveraged with Measure S funding to help assume more of the costs and reduce the financial burden and potential for debt. For all WIOA clients, staff leverages any qualifying funding to more wholly serve the individual with critical wrap-around services, such as food security, childcare subsidy and stipends to meet critical needs.

As with all federal monies, the recipient, Rubicon, and all subrecipients are subject to both a quality assurance (QA) and financial audit. San Pablo EDC has complied annually with no issues to report.

Once executed, the contract would be effective July 1, 2023 through June 30, 2024. It remains significant in terms of revenue diversification. The Board will note that the County is significantly behind in its contracts and working hard to catch up. So, the attached sub-recipient contract was provided, which is identical to the contract approved and signed last year with exception to the dates. There is the possibility that client ratios may change (i.e., adult versus dislocated worker targets, priority population designations, etc.) and that additional funding may become available. Executive Director Choy seeks authorization to execute the contract with immaterial changes. Any material changes would come forward as amendments for board review.

The Board is asked to authorize Executive Director Choy to execute the FY23-24 subrecipient contract for \$117,700 with Rubicon Programs for delivery of WIOA AJCC workforce services under the Contra Costa Workforce Collaborative.

FISCAL IMPACT

Fiscal impact will be \$117,700 to Grants Income Budget account 44410 Agency Contracts. Per the budget breakdown, funding is allocated to staffing and benefits costs.

Attachments

1. FY23-24 CCWC Subrecipient Agmt_San Pablo EDC

RESOLUTION SPEDC2023-0

RESOLUTION OF THE SAN PABLO ECONOMIC DEVELOPMENT CORPORATION BOARD OF DIRECTORS AUTHORIZING EXECUTION OF THE FISCAL YEAR 2023-24 SUBRECIPIENT CONTRACT FOR \$117,700 WITH RUBICON PROGRAMS FOR DELIVERY OF WIOA SERVICES UNDER THE CONTRA COSTA WORKFORCE COLLABORATIVE

WHEREAS, through the support of the San Pablo Economic Development Corporation (San Pablo EDC) Board of Directors (Board), San Pablo EDC has been a part of the Contra Costa Workforce Collaborative (CCWC) since fiscal year 2018-19 (FY18-19); and

WHEREAS, CCWC is an 11-member collaborative led by Rubicon Programs (Rubicon) that provides Workforce Innovation and Opportunity Act (WIOA)/American's Job and Career Centers (AJCC) services; and

WHEREAS, in 2018, the County dissolved its AJCC system and issued a request for proposal (RFP), and from this opportunity, the CCWC emerged, which San Pablo EDC saw as a long-term, critical opportunity to better serve the disenfranchised workforce, leverage Measure S funding and demonstrate ability to perform with federal funding; and

WHEREAS, in 2021, San Pablo EDC joined with Rubicon Programs and CCWC colleagues to provide a successful competitive response to the Employment and Human Services Development (EHSD) and Workforce Development Board of Contra Costa County (WDBCCC) to provide WIOA AJCC services for another three-year period beginning July 1, 2022; and

WHEREAS, San Pablo EDC has been fortunate to outperform its contract on an annual basis thanks to skilled, hardworking staff and collaborative partners; and

WHEREAS, participation in the CCWC has afforded the San Pablo EDC opportunities to co-enroll qualified workforce clients served through Measure S and grant programs (e.g., Kaiser Permanente, National Dislocated Worker Grant, etc.), deepening the supports offered; and

WHEREAS, San Pablo EDC serves WIOA clientele from Contra Costa, Alameda, Solano and San Francisco counties and the City of Richmond, as WIOA is "client choice" meaning clients may be served wherever they prefer; while San Pablo EDC's goal is to serve 65 workforce clients; and

WHEREAS, job training funding for each qualifying WIOA client is paid for directly through an individual training account (ITA) approved by Rubicon and does not come out of the EDC's funding; for San Pablo residents, WIOA funding may be leveraged with Measure S funding to help assume more of the costs and reduce the financial burden and potential for debt; and

WHEREAS, the contract would be effective July 1, 2023 through June 30, 2024; and

WHEREAS, fiscal impact will be \$117,700 to Grants Income Budget account 44410 Agency Contracts. Per the budget breakdown, funding is allocated to staffing and benefits costs.

NOW, THEREFORE, BE IT RESOLVED by the San Pablo Economic Development Corporation Board of Directors, as follows:

- 1) Authorize Executive Director Choy to execute the FY23-24 subrecipient contract for \$117,700 with Rubicon Programs for delivery of WIOA AJCC workforce services under the Contra Costa Workforce Collaborative.

ADOPTED this 29th day of August, 2023, by the following vote, to wit:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

APPROVED:

Saeid Babay Hosseini, Board Secretary

Xavier Abrams, Board Chair

MEMORANDUM OF UNDERSTANDING AND SUBRECIPIENT AGREEMENT

I. PURPOSE

This Memorandum of Understanding and Subrecipient Agreement ("Agreement") is entered into between Rubicon Programs ("Rubicon") as the Lead Agency of the Contra Costa Workforce Collaborative (CCWC) and **San Pablo Economic Development Corporation (SPEDC)** ("Subcontractor"), a member agency of the CCWC.

The CCWC is a public-nonprofit partnership among 12 community-based organizations and educational entities. The CCWC will provide comprehensive employment and supportive services in Contra Costa County, including at the comprehensive AJCC in Concord and at over 10 access points throughout the County. This innovative model, Active Collaboration Through Innovation, Opportunities, and Networking (ACTION), represents a joint commitment to a human-centered approach that addresses the unique needs of CCC's jobseekers and employers.

II. FUNDING AND RELATIONSHIP OF THE PARTIES

Rubicon and the member agencies of the CCWC worked collaboratively to submit a proposal in Response to Contra Costa County's Request for Proposal 1180 for provision is funded by the County, through the Employment and Human Services Workforce Development Board (WDBCCC) to provide Workforce Innovation and Opportunity Act (WIOA) America Job Center of California (AJCC) and Adult and Dislocated Worker (A/DW) Career Services. Rubicon, as the lead agency for the CCWC, was awarded the FY23-24 Funding amount for the CCWC of \$1,400,000.

Rubicon serves as the Fiscal Agent and Lead Agency for the CCWC and is considered a subrecipient of federal funds from WDBCCC. Subcontractor will provide and carry out federally funded services as described below, and in so doing understands that it is a subrecipient to Rubicon for financial, monitoring and compliance purposes.

III. TERM

Effective Date and Agreement Term: The effective date of this Agreement is 07/01/2023 and the effective term is 07/01/2023 through 06/30/2024.

Early Termination: This Agreement may not be terminated without cause. In the event of noncompliance with the terms of the Agreement, Rubicon will request in writing that noncompliance be cured within 30 days. In the event that noncompliance is not cured after 30 days, Rubicon will put into place accelerated reporting requirements. If Subcontractor fails to comply with these requirements, Rubicon may terminate the Agreement with 30 days' notice.

Loss of Project Funding: If funding which supports this program is suspended or terminated in whole or in part, this Agreement shall cease.

IV. FISCAL ADMINISTRATION, REPORTING AND MONITORING

Obligated Funds: The funds obligated pursuant to this Agreement are **\$117,700** for the 12-month contract period running 07/01/2023 through 06/30/2024.

Fiscal Administration: Rubicon and Subcontractor will each designate a representative for fiscal administration of this subcontract. The representatives and/or their designees will meet whenever necessary and will maintain regular and ongoing communication.

Fiscal Reporting to WDBCCC: Rubicon will prepare fiscal reports and invoices required by WDBCCC. Subcontractor will provide all necessary reports, invoices and documentation required by Rubicon to meet WDBCCC reporting and invoicing requirements.

Invoices and Reporting to Rubicon: Reports and invoices will be prepared in conformance with the template set forth in Attachment B. These requirements are subject to change over the term of this Agreement as required by Rubicon.

All expenditures of grant funds and requests for reimbursement pursuant to this Agreement must be made in conformance with the budget set forth in Attachment C. Subcontractor will not be reimbursed for expenditures greater than the amount budgeted for the Program year during which the expenses were incurred. Budget modifications may be made upon request and by mutual Agreement between the parties. Rubicon reserves the right to deny requests for budget modifications.

Fiscal Compliance and Contract Monitoring: Rubicon will conduct on site Fiscal monitoring during the term of this Agreement. Such monitoring may include, as necessary, review of Subcontractor's organizational budget, the general ledger, balance sheet, cost allocation procedures and plan, State and Federal tax forms, audited financial statement, fiscal policy manual, supporting documentation for selected invoices, cash receipts and disbursement journals. The compliance monitoring may include review of Personnel Manual, Emergency Operations Plan, Compliance with the Americans with Disabilities Act, subcontracts, and agreements, and the current board roster and selected board minutes for compliance with the Sunshine Ordinance. Monitoring may also include review of all information described in the Contract Documents, Service Plan Outline, Section VI.A.

Audits: Subcontractor is responsible for the arrangement for and payment of any costs associated with audits of its programs in accordance with OMB Circular A-133, if applicable, and for complying with any federal or other auditing requirements associated with the receipt of federal funds administered by WDBCCC.

V. SUBRECIPIENT MONITORING

Subcontractor understands and agrees that it is a Subrecipient of this Subaward of federal funds, and as such must comply with federal statutory and regulatory requirements. The executed contract between Rubicon and Contra Costa County (County) together with its addenda, exhibits, amendments, changes and incorporated documents, including but not limited to WIOA Special Conditions 11-2017, constitute the "Contract Documents." The Contract Documents are attached as Attachment E.¹

Subcontractor understands and agrees that as a subrecipient of federal funds, it is responsible for complying with all terms and conditions in the Contract Documents between Rubicon and County,

¹ At the time of execution of this subcontract, the County has not provided Rubicon the final Contract Documents. These documents will be made available to Subcontractor when they have been received and executed by the parties. It is anticipated that the Contract Documents will be substantially the same as for the prior fiscal year.

which are incorporated by reference, except those items that are specific to Rubicon as contractor thereunder.

Rubicon will monitor Subcontractor and all subrecipients consistent with the requirements set forth in the Federal Rules and applicable sections of the CFR, including 2 CFR §200 (Uniform Guidance). Subcontractor further understands and agrees that it is obligated to comply with all federal, state or other laws, regulations, special conditions and directives applicable to the receipt of federal funds paid to Rubicon pursuant to the contract between Rubicon and County. Subcontractor acknowledges it has inspected, or will inspect upon their availability, the Contract Documents pertinent or applicable to its scope of work and its rights and responsibilities under this Agreement.

VI. ROLES AND RESPONSIBILITIES

The services to be provided through the ACTION program are generally described in the application submitted to WDBCCC in February 2018. The roles and responsibilities of Rubicon and Subcontractor are set forth in Attachment A, Scope of Work. Subcontractor's performance outcomes are also set out in Attachment A.

The scope of work will be reviewed annually, prior to the end of the current Program year. If the contract is renewed for a subsequent year and Rubicon determines that a material change is needed in Subcontractor's scope of work, a new or modified scope of work will be developed and agreed to between the parties. The budget for the Program year may be modified to reflect the new or modified budget or scope of work. If after making good faith efforts to reach mutual Agreement the parties cannot agree on a new or modified scope of work and/or a modified budget, Rubicon shall retain final decision making authority.

VII. DATA COLLECTION AND EVALUATION

Subcontractor will collect and maintain data and records necessary to document services, individuals served, outcomes and any other information set forth in the Scope of Work or which Rubicon or WDBCCC require to fulfill the terms of the contract between Rubicon and WDBCCC.

The processes, procedures and manner of information collections and retention is outlined in Quality Assurance guidelines that will be provided

VIII. COMMUNICATIONS

Internal Communications: Lead staff from Rubicon and Subcontractor will meet regularly to assess program implementation progress, ensure effective collaboration among our respective program staff, provide respective feedback and make any needed adjustments to the implementation plan. Subcontractor will participate in CCWC Steering Committee meetings with other Subcontractor partners or key stakeholders to ensure the program's effective operation as reasonably requested by Rubicon.

External Communications: All external communications must be conducted in accordance with the requirements of the WDBCCC, the Contract Documents, and CCWC Agreements. Please see attached county contract for reference.

VIII. CONFIDENTIALITY

Subcontractor as subrecipient to Rubicon, shall comply with all confidentiality and privacy protections as required and set forth in the Contract Documents as applicable to Rubicon as subrecipient to

County. (See Special Conditions, Workforce Innovation and Opportunity Act of 2014, Section 15.) Subcontractor shall also comply with all applicable Federal, State and Local Privacy laws.

IX. OTHER TERMS

Indemnification: Each party shall indemnify and hold the other party and its officers, agents and employees free and harmless from all liabilities and claims, causes of action, costs, losses, attorneys fees, damages or expenses of any kind which arise or are alleged to arise from the negligent or willful acts, whether foreseeable or unforeseeable of the first party, its officers, agents and employees, contractor and independent contractors.

Insurance: Both parties shall maintain during the term of this Agreement, insurance against claims for injuries to persons or damages to property, which may arise from or in connection with activities and operations. The cost of such insurance shall be borne by each party. Insurance coverage must include: (1) comprehensive liability insurance (General Liability), including coverage for owned and non-owned automobiles used in performing services under this Agreement, if any, and, if applicable, professional liability insurance with a combined single limit of \$1,000,000 per occurrence and an aggregate annual limit of \$2,000,000; and, (2) Workers Compensation Insurance and Employers Liability Insurance as required by law in the State of California. Subcontractor shall name Rubicon as an additional insured to its General Liability policy for services or work performed in connection with this agreement and provide a Certificate of Insurance with endorsement. Subcontractor shall notify Rubicon of any changes in insurance coverage within 10 days of the change and shall name Rubicon as a party to be notified by the insurance carrier in the event of any material change in the policy if the insurance carrier provides the notification service.

Confidentiality: Rubicon and Subcontractor agree that by virtue of entering into this Agreement they will need to have access to certain confidential information regarding the other party's operations related to this project. The Parties agree that they will not at any time disclose confidential information of the other party without the consent of that party unless such disclosure is authorized by this Agreement or required by law.

Record Retention: By signing this Agreement, Rubicon and Subcontractor agree to retain all records pertinent to this Agreement for period of five years after final payment or for a longer period of time if required by WDBCCC.

Nondiscrimination: There shall be no discrimination against any persons on account of race, color, national origin, age, religion, ancestry, sex, marital status, physical or mental disability, familial status, source of income, religious or political affiliation, sexual orientation, medical condition, participation in or eligibility for a housing assistance program, or other arbitrary basis in the operations of the Project described in this Agreement.

Severability: In the event any provision of this Agreement shall be found to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect the validity, legality, and enforceability of the remainder of this Agreement.

Affiliation of Agencies: Nothing contained in this Agreement shall be construed to make the Parties a partner, employee, or agent of the other, nor shall the Parties to this Agreement have any authority to bind the other in any respect, it being intended that each shall remain an independent agency.

Signatories certify that they are authorized to enter into contracts on behalf of Rubicon and Subcontractor, respectively.

RUBICON PROGRAMS INC.

SUBCONTRACTOR

San Pablo Economic Development Corporation

By: _____
Carole Dorham-Kelly, President & CEO

By: _____
Leslay Choy, Executive Director

Date: _____

Date: _____

ATTACHMENT A SCOPE OF WORK

Rubicon Programs will:

1. Provide overall project leadership, including administrative and fiscal management and project oversight, coordinating evaluation and reporting systems, convening regular meetings of the CCWC ACTION team.
2. Be responsible for all reporting relating to the ACTION contract to the CCCWDB.
3. Be responsible for program monitoring with the objective of ensuring that all performance provisions set forth by the Grant are met. Program monitoring may include review of back-up documentation for reporting progress towards meeting service and outcome objectives.
4. Provide Staff Training and Technical Assistance.

San Pablo EDC will:

1. Deliver outreach and information services in support of WIOA enrollments, including the provision of WIOA orientation and enrollment support at Contra Costa College and for New Horizons CDC, as scheduled.
2. Maintain records of workshop attendance and survey feedback. Submit forms monthly to Rubicon. Workshop attendance submissions must include, but not limited to, WIOA orientation and Connect to Opportunity workshops.
3. Meet Individual Service Enrollments: 65, with an aim of 5 (of 65) to be initiated at New Horizons Career Development Center or with Rodeo residents through other Rodeo-centric partners; and 15 to be initiated at Contra Costa College.
4. Aim to reach targeted Individual enrollments: 52 Adults; 13 Dislocated Workers.
5. Aim for 75% of individual enrollments to meet WIOA priority populations.
6. Participate in CCWC Steering Committee Meetings.
7. Participate in CCWC WIOA trainings as scheduled (e.g., QA and case manager support sessions).
8. Collect and enter required documents in CalJOBS as required by CCCWDB and Rubicon.
9. Participate in any CCWC evaluation activities, as reasonably requested.

ATTACHMENT B

INVOICING AND FISCAL REPORTING RESPONSIBILITIES

All fiscal reports and original signed invoices from Subcontractor must be submitted to: Budget & Billing Department, Rubicon Programs, 2500 Bissell Ave., Richmond, CA 94804. Copies of fiscal reports, signed invoices and supporting documentation can be scanned and emailed to the Contract Billing Analyst. Subcontractor will submit required invoices no later than the 15th day after the end of the reporting period.

Subcontractor will prepare required fiscal reports and invoices using the forms provided by Rubicon (sample invoice form provided below). Reports and invoices will include actual expenditures incurred during the specified period.

Upon approval of Subcontractor's invoice and supporting documentation, Rubicon will pay Subcontractor for authorized costs reimbursed by the County within thirty days of receipt of subcontractor's invoice or within 15 days of receipt by Rubicon of the payment from the County, *whichever is later*. Under special circumstances and upon demonstration of financial necessity, Subcontractor may request payment on its invoice prior to receipt by Rubicon of payment from the County. Rubicon will attempt to accommodate such requests when possible, but reserves the right to deny such requests in its sole judgment and discretion.

Subcontractor Executive Director, CFO, or other authorized signer must certify each invoice.

Subcontractor may adjust line items within the existing budget (Attachment C) with prior written approval from Rubicon. Modification form will be provided upon request.

Subcontractor must submit supporting documentation with each invoice. Documentation shall include, but not be limited to vendor invoices, receipt/proof of payment for purchases and all expenses incurred, and payroll records. All charges incurred shall be due and payable only after services have been rendered.

Subcontractor shall supply additional specific documentation when requested by Rubicon.

Subcontractor must keep and make available as requested such supporting documentation for all expenditures for which reimbursement is requested for all costs so claimed.

Subcontractor shall submit a final invoice reflecting actual expenditures, which will be supported by the Contractor's accounting records, within 30 days of the end of the contract period. Any expenses submitted after the 30 days following the fiscal year end will not be paid.

Failure to submit required reports or documentation by specified deadlines may result in withholding of contract payments. Failure to meet contract performance goals will result in a corrective action plan, withholding of contract payments in full or part and / or termination of contract.

INVOICE TEMPLATE

The invoice template will be provided electronically as an Excel spreadsheet. EDC staff are well-versed in the template and process.

ATTACHMENT C

BUDGET

(to be attached following WDBCCC approval)

FEDERAL SUBAWARD CONDITIONS

2 CFR §200.331(a)

- I. The contract meets the conditions of a Federal subaward and the Subcontractor is subject to the Subrecipient provisions in 2 CFR §200.
- II. Definitions:
 - A. CFR means Code of Federal Regulations
 - B. CFDA means Catalog of Federal Domestic Assistance
 - C. Subrecipient -- Title 2 CFR §200.93
Subrecipient means a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.
 - D. Subaward -- Title 2 CFR §200.92
Subaward means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.
 - E. Pass-through Entity -- Title 2 CFR §200.74
Pass-through entity means a non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program.
- III. The pass-through entity for purposes of this Subcontract is Rubicon Programs. Rubicon Programs receives the funding through the pass-through entity, Workforce Development Board of Contra Costa County.
- IV. The Subrecipient is **San Pablo Economic Development Corporation (SPEDC)**
- V. The Subrecipient's DUNS number is 0787859490000.
- VI. If applicable, the Federal Award Date is 7/1/2023.
- VII. If applicable, the Federal Award Identification Number {FAIN} is AA-28305-16-55-A-6.
- VIII. The Subaward Period of Performance is from 7-1-23 to 06-30-24.
- IX. The total amount of Federal Funds Obligated to the subrecipient in this Federal subaward award is **\$117,700**.
- X. The CFDA Number is 17.258 & 17.278.
- XI. The Federal Program Title is WIOA Adult & WIOA Dislocated Worker.
- XII. The Subrecipient's federally approved indirect cost rate agreement is incorporated by reference if the Subrecipient's budget submitted includes a federally approved indirect cost.
- XIII. The Subrecipient shall use the Federal award in accordance with Federal statutes, regulations and the terms and conditions of the Federal award.

-- ATTACH CONTRACT WITH COUNTY AND SELECTED ATTACHMENTS UPON WDBCCC APPROVAL