

TO: Board of Commissioners

FROM: Margaret McAvoy, County Administrator/Controller

DATE: July 23, 2015

RE: Region 5 East Michigan Works Interlocal Agreement

BACKGROUND

1. Governor Snyder has required the majority of Michigan Works Areas to realign along Prosperity Regions. The result of this requirement is that Isabella County has been “reassigned” from the previous Michigan Works area. The new area will be comprised of the counties of Clare, Gladwin, Arenac, Isabella, Midland, Bay, Gratiot and Saginaw Counties.
2. Chairman Green, Commissioner Haupt and Administrator McAvoy have participated in two meetings, along with representatives of Gratiot County, to assess the options for Isabella County.
3. Administrator McAvoy has had multiple discussions with Midland, Bay, Saginaw Michigan Works President and CEO who is acting as a facilitator in the process to form the new organization. She has also consulted with legal counsel.
4. Chairman Green, Commissioner and Administrator McAvoy have clearly expressed that the priority in forming the new partnership is to assure access to quality services and training for county residents and to protect the interest of the County regarding leadership representation and financial liability.

ALTERNATIVES

1. The realignment does not have any alternative as it is based on a directive from the Governor.

FINANCIAL IMPACT

There is not financial impact on the County unless the Michigan Works Area has costs disallowed by the State or Federal governments. The agreement has been crafted by our County leadership to minimize this exposure as much as possible.

OTHER CONSIDERATIONS

This is an interim agreement that will sunset on June 30, 2015. Over the next year we will be working on a longer term agreement.

RECOMMENDATIONS

1. Move to approve the Region 5 East Central Michigan Works Agreement as presented and authorize the Board Chairman to sign the same.

ATTACHMENTS

Draft Agreement

**INTERLOCAL AGREEMENT
ESTABLISHING EAST CENTRAL MICHIGAN WORKS!
EFFECTIVE AUGUST 18, 2015**

This Interlocal Agreement (hereinafter "Agreement") is entered into as of the Eighteenth day of August, 2015, by the Counties of Arenac, Bay, Clare, Gladwin, Gratiot, Isabella, Midland, and Saginaw (hereinafter "the Counties") pursuant to the Michigan Intergovernmental Transfers of Functions and Responsibilities Act, being Public Act 8 of 1967 (Ex. Sess.), as amended.

WHEREAS, the Counties are each a "political subdivision" as defined by the Michigan Intergovernmental Transfers of Functions and Responsibilities Act, being Public Act 8 of 1967 (Ex. Sess.), as amended; and each may separately exercise the power, privilege, and authority they share in common and wish to exercise jointly with the other, and;

WHEREAS, the State is asking the Counties to create an 8-County Michigan Works! system to provide workforce development services **and increase cost efficiencies** in the Counties, and;

WHEREAS, the Counties desire to assure that the transition to an 8-County Michigan Works! system does not cause any disruption in service in their respective Counties, and is responsive to the needs in their County, and;

WHEREAS, the Boards of Commissioners of the Counties have determined that the best method of maintaining an optimal level of community service and maximum efficiency in each of the Counties is through this Agreement;

THEREFORE, the Counties agree to the following:

**I.
PURPOSE**

A. General

This Agreement:

- Creates an eight-County Michigan Works! Agency covering the Counties of Arenac, Bay, Clare, Gladwin, Gratiot, Isabella, Midland, and Saginaw.
- Names that Michigan Works! Agency, "East Central Michigan Works!".
- Establishes a governance structure for East Central Michigan Works!.
- Establishes an eight-County board of local elected officials to supervise the execution of this Agreement.

B. Operational

East Central Michigan Works! shall ~~take on~~ **conduct** all required, necessary, incidental, and related ~~roles~~ **duties** of Michigan Works! Agencies in the State of Michigan. It shall administer state, federal, and other workforce programs as prescribed by law and the requirements established by each grant funding source, and perform any other functions that are necessary or related to those programs.

**II.
DURATION OF OPERATION**

The Counties intend this Agreement to be temporary in nature. This Agreement shall commence on August 18, 2015, and shall cease on June 30, 2016. It is the intent of the Counties to enter into a new Interlocal Agreement establishing a more permanent governance structure prior to the termination of this Agreement.

**III.
CONSORTIUM BOARD**

A. Creation

As of the effective date of this Agreement, there is created the East Central Michigan Works! Consortium Board (hereinafter "Consortium Board").

B. Powers

The Consortium Board shall be vested with all of the powers and authorities authorized under applicable state and federal law and shall be operated in accordance with those laws, rules and guidelines. Those powers include:

- i. To act as the Chief Elected Official for purposes under the federal Workforce Innovation and Opportunities Act of 2014, 29 USC 3101, et. seq., and all other purposes of the Chief Elected Official required or permitted by the various grant funding sources.
- ii. To assure that the Grant Recipient, Administrative Entity, and Fiscal Agent maintains adequate books, records, and reports of all audits, transactions, revenues, and expenditures in accordance with grant source requirements and with generally accepted accounting principles.
- iii. To assure that an independent audit of the Grant Recipient, Administrative Entity, and Fiscal Agent is conducted annually.
- iv. To receive and review regular program reports regarding the various workforce programs.
- v. To approve fund allocations to the various sub-regions.
- vi. To approve the budget of the Grant Recipient, Administrative Unit, and Fiscal Agent regarding its role in supporting East Central Michigan Works!.
- vii. To appoint a Workforce Development Board in accordance with state and federal requirements.
- viii. To partner with the Workforce Development Board in overseeing and managing East Central Michigan Works!, and the functions of the Grant Recipient, Administrative Entity and Fiscal Agent related to this Agreement.

C. Limitation of Powers

The Consortium Board shall not have the power to:

- i. Be sued in its own name.
- ii. Incur any debt, liability, or obligation that can be passed on to any party to this Agreement, other than as stated herein.
- iii. Levy any tax, issue any bond or note, or borrow money.
- iv. Employ staff.

D. Membership

The Consortium Board shall consist of eight members, one member from each County. The membership of the Consortium Board shall consist of members of the County Boards of Commissioners or the County Administrator/Chief Executive Officer from each County. Each County shall establish its own rules and procedures for appointing and removing its member to Consortium Board. Each County may, at its discretion, also appoint one alternate member to the Consortium Board. A County's alternate member shall have the same voting rights as the County's member at any meeting when the member is absent.

E. Compensation

East Central Michigan Works! shall not compensate Consortium Board members or alternates for their service. Each respective County, at its discretion, may choose to compensate its Consortium Board member or alternate.

F. Quorum

Unless otherwise specified in this Agreement, a quorum of the Consortium Board shall consist of a majority of its members. A quorum is required in order to conduct business.

G. Voting

Unless otherwise specified in this Agreement, an affirmative vote of a majority of the members present shall be required in order to pass any motion or resolution. Adoption or amendment of the Consortium Board's by-laws shall require a two-thirds majority vote of the members.

H. Board Organization

The Consortium Board shall:

- i. Elect a Chairperson and Vice-Chairperson from among its members on an annual basis. Members shall be eligible to serve for additional terms, if elected.
- ii. Adopt by-laws that are consistent with this Agreement.
- iii. Hold at least one regularly scheduled meeting each quarter. The Consortium Board shall conduct all meetings in compliance with the Michigan Open Meetings Act, Public Act 267 of 1976, as amended.

I. Committees

- i. The Consortium Board shall create three Committees by sub-region.
 - a. The North Committee: Arenac, Clare, and Gladwin Counties.
 - b. The Southeast Committee: Bay, Midland, and Saginaw Counties.
 - c. The Southwest Committee: Gratiot and Isabella Counties.
- ii. The members from each County will serve on their respective sub-region Committee.
- iii. Each sub-region Committee shall partner with its respective members of the Workforce Development Board to oversee the Michigan Works! programs conducted in its sub-region.
- iv. Program funding to each sub-region shall be based on the same formula used by the grant funding source to allocate funds to Michigan Works! Agencies, or ~~they~~ **it** shall be targeted to a specific area if required by the grant funding source.
- v. In the case that funding is received that is not subject to a formula or is not targeted to a specific area, the Consortium Board in partnership with the Workforce Development Board shall assure that the funding is spread equitably among the sub-regions. In that regard, any funding action that impacts a sub-region, must be approved by both the sub-region Committee and by the full Consortium Board in partnership with the Workforce Development Board.
- vi. The Consortium Board in partnership with the Workforce Development Board shall select a one-stop operator for the North sub-region and a one-stop operator for the Southwest sub-region to manage the programs in those sub-regions, or it shall accept the service providers for either of those sub-regions that were procured by the Michigan Works! Agency covering the sub-region prior to this Agreement. The Consortium Board in partnership with the Workforce Development Board shall accept the service providers and management system in place on September 30, 2015 for the Southeast sub-region. Any action to select a one-stop operator or service providers in a sub-region, must be approved by both the sub-region Committee and by the full Consortium Board in partnership with the Workforce Development Board.
- vii. The Consortium Board may also establish other committees as it determines to be necessary.

IV.

WORKFORCE DEVELOPMENT BOARD

A. Establishment

The Consortium Board shall establish a Workforce Development Board in accordance with the provisions of the Workforce Innovation and Opportunities Act of 2014, 29 USC 3101, et. seq., and all applicable federal and state rules pertaining to creation of a "Workforce Investment Board" or "Workforce Development Board". For the purposes of this Agreement, the phrases, "Workforce Investment Board" and "Workforce Development Board" shall refer to the same Board, and be used interchangeably.

B. Membership

The Consortium Board shall determine the number of members on the Workforce Development Board. Membership shall represent private sector businesses and other sectors as required by state and federal rules. Private sector business membership and other sector membership shall be allocated to the sub-regions based on the relative size of the labor force in each sub-region.

C. Appointment

All candidates for Workforce Development Board membership must be nominated in accordance with state and federal rules and guidelines. In order to become a member of the Workforce Development Board, the nominee must be appointed by a majority vote of both the Consortium Board and the applicable sub-region Committee of the Consortium Board.

D. Duties and Responsibilities

The Workforce Development Board shall work in partnership with the Consortium Board, and conduct all required and necessary functions per all applicable state and federal rules and guidelines.

V.

GRANT RECIPIENT, ADMINISTRATIVE ENTITY, FISCAL AGENT

A. Designation

The Counties designate Saginaw County, and Saginaw County agrees to act, as the Grant Recipient, Administrative Entity, and Fiscal Agent for East Central Michigan Works!.

B. Function

In the role of Grant Recipient, Administrative Entity, and Fiscal Agent, Saginaw County shall:

- i. Sign, execute, and do all things incidental and necessary to properly submit grant applications.
- ii. Receive grants and other funds on behalf of East Central Michigan Works!.
- iii. Enter into contracts and other necessary agreements on behalf of East Central Michigan Works!.
- iv. Provide professional, technical, legal, and clerical staff support to the Consortium Board and Workforce Development Board. All staff members assigned to this function shall be employees of Saginaw County, and shall be governed by Saginaw County's policies and applicable collective bargaining agreements.
- v. Do all things necessary to maintain the role of Grant Recipient, Administrative Entity, and Fiscal Agent as required by the various grant funding sources.
- vi. Charge the various grants reasonable amounts for its services, as approved by the Consortium Board in partnership with the Workforce Development Board.
- vii. Accept the oversight and management of the Consortium Board and Workforce Development Board.
- viii. Not be required to use any of its own general fund or other funds to support its activities as Grant Recipient, Administrative Entity, and Fiscal Agent, **except as may be required under Article VI.C.iv of this Agreement.**

VI.

FINANCIAL RESPONSIBILITY OF THE COUNTIES

A. Financial Support

The Consortium Board shall not require any County to provide any financial support for any activities under this Agreement unless that County agrees to provide that support in a separate agreement.

B. Liability, General

The Counties shall not be required to pay any debts, liabilities, or obligations of the Consortium Board or the Workforce Investment Board.

C. Liability for Disallowed Costs

The Counties shall repay disallowed costs, if any, only after the following payment hierarchy has been exhausted.

- i. Payment shall first be made by the one-stop operator, service provider, agent, or third party that is responsible for the disallowance.
- ii. Payment will then be made from any applicable insurance carrier or bond insurer.
- iii. A waiver or approval of an offset from the grant funding source will then be pursued.
- iv. **The Grant Recipient, Administrative Entity, and Fiscal Agent shall pay any remaining disallowances to the extent it is responsible.**
- v. Any remaining required repayment will then be paid by the Counties. The responsibility for any disallowed costs shall be apportioned according to the services funded in each County according to the most current budget.

D. Privileges and Immunities

Nothing in this Agreement shall be construed to affect the Counties' rights and privileges under governmental immunity. All of the privileges and immunities from liability and exemptions from laws, ordinances, and other rules, and all pension, relief, disability, worker's compensation, and other benefits which apply to the activity of the officers, agents, or employees of the Counties, shall apply to the same degree and extent to the performance of such functions and duties of the members of the Consortium Board and Workforce Development Board.

VII.

TRANSFER OF PROPERTY AND ASSETS

None of the Counties or the Michigan Works! Agencies that served the Counties prior to this agreement (Central Area Michigan Works!, Great Lakes Bay Michigan Works!, or Region 7B Michigan Works!) shall be required to transfer any property or assets to East Central Michigan Works! or its, Grant Recipient, Administrative Entity, and Fiscal Agent except to the extent that the property transfer is required by an applicable grant funding source.

VIII.

CONTINGENT APPROVAL

It is recognized that all eight of the Counties might not approve this Agreement by the effective date, August 18, 2015. In that case, this Agreement shall take full effect on that date for all of the Counties that have approved it if at least five **(5)** of Counties have approved this Agreement, and Saginaw County has agreed to act as Grant Recipient, Administrative Entity, and Fiscal Agent.

IX.

MISCELLANEOUS

A. Amendment

Any amendment to this Agreement requires the approval of the Board of Commissioners of each of the Counties.

B. Changes in Applicable Laws

~~In the event the laws and regulations pertaining to this Agreement, including, but not limited to, the Workforce Innovation and Opportunities Act of 2014, et. seq., are amended or repealed. This Agreement shall live on and shall be interpreted to reference and incorporate any new laws or regulations that have replaced those referenced in this Agreement.~~ **In the event that any law or regulation pertaining to this Agreement is amended or repealed, including but not limited to the Workforce Innovation and Opportunities Act of 2014, et. seq., this Agreement shall live on**

and shall be interpreted to reference and incorporate any new or amended laws or regulations that have replaced those referenced in this Agreement.

C. Termination

Any County may terminate its participation in this Agreement upon vote of its Board of Commissioners and notice to all other Counties in this Agreement. **However, any withdrawing County shall remain responsible for any liability under Article IV.C of this Agreement that could accrue through the fiscal year of its withdrawal/termination.** The Agreement shall continue as long as at least five **(5)** Counties continue to participate.

D. Severability

If any word, phrase, part or section of this ~~Restatement~~ **Agreement** is determined to be illegal or unenforceable, the other portions of the ~~Restatement~~ **Agreement** shall remain in full force and effect so long as those other portions are sufficient to constitute a valid agreement.

E. Full Agreement

This document, along with any attachments or appendices or other incorporations by reference, constitutes the entire agreement between the Counties regarding East Central Michigan Works!. Accordingly, this Agreement supersedes all previous or contemporary agreements between the Counties regarding East Central Michigan Works!.