



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER

File #: 21-172

Board Meeting Date: 3/9/2021

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Michael P. Callagy, County Manager
Peggy Jensen, Deputy County Manager
Subject: Strategic Plan for Workforce Recovery

RECOMMENDATION:

Adopt a resolution:

- A) Accepting the Strategic Plan for Workforce Recovery (“Strategic Recovery Plan”); and
- B) Authorizing and directing the County Manager, or designee(s), to enter into an agreement with Colu for the development of a San Mateo County Shop Local application that provides up to \$200,000 in incentives for San Mateo County residents to shop at County businesses for an amount not to exceed \$250,000 and granting of a waiver of the competitive bidding processes for acquisition of these services pursuant to Section 2.83.050(e) of the San Mateo County Ordinance Code; and
- C) Authorizing and directing the County Manager, or designee(s), to contribute a total amount not to exceed \$200,000 toward the establishment and first-year operating expenses of a North County Small Business and Entrepreneurship Resource Center (“North County SBE Resource Center”) and granting of a waiver of the competitive bidding process for the acquisition of any services necessary to fund the establishment and first-year operation of the North County SBE Resource Center pursuant to Section 2.83.050(e) of the San Mateo County Ordinance Code; and
- D) Authorizing and directing the County Manager, or designee(s), to contribute a total amount not to exceed \$350,000 in seed funds to a Technology Tools and Training Grant Program for small businesses in the County and granting of a waiver of the competitive bidding processes for acquisition of services necessary to administer and distribute the Technology Tools and Training Grant Program pursuant to Section 2.83.050(e) of the San Mateo County Ordinance Code; and

- E) Authorizing and directing the County Manager, or designee(s), to enter into an agreement with NOVAworks in a total amount not to exceed \$50,000 to lead the development of a countywide workforce development and training plan and granting of a waiver of the competitive bidding processes for acquisition of these services pursuant to Section 2.83.050(e) of the San Mateo County Ordinance Code; and
- F) Directing the County Manager, or designee(s), to report back to the Board on each of the funded programs in the Strategic Recovery Plan as part of the FY 2021-23 budget process and submit a proposed budget for continuation of the programs and implementation of additional Strategic Recovery Plan recommendations with a total cost of all Strategic Recovery Plan initiatives not to exceed \$5,000,000.

BACKGROUND:

The COVID-19 pandemic and the public health and economic emergency it created continues to impact the County and its residents. The San Mateo County COVID Recovery Initiative Economic Committee (the “Committee”) developed 35 recommendations to support local businesses and prepare the County’s workforce for the post-pandemic economy. While many of the Committee’s recommendations, such as webinars and on-site support with health guidance compliance and expansion of the small business assistance program, were implemented, many were not. Thus, in November 2020, to help focus our economic recovery efforts, the County contracted with NOVAworks, the County’s Workforce Development Board, to undertake two projects-to pilot a work experience program for unemployed residents and to assess the current attitudes and concerns of workers and small businesses impacted by COVID-19.

NOVAworks engaged a consultant (Karen Routt), who interviewed over 60 individuals, including small business owners, job seekers, organized labor, chambers of commerce, and others to understand the current challenges and opportunities facing our local workers and business owners. NOVAworks then incorporated findings from the pilot program, along with information gleaned from these interviews, into an action-oriented Strategic Plan for Workforce Recovery (the “Strategic Recovery Plan”).

The draft Strategic Recovery Plan was reviewed by NOVAworks’ partners and colleagues at both the state and national level, and was also reviewed by a diverse team of economic and workforce experts from within and beyond the County. The draft Strategic Recovery Plan was then presented to the County Manager’s Office in February 2021, and its recommendations were further reviewed by the Board’s Economic Recovery Subcommittee, consisting of Board President Canepa and Supervisor Pine, as well as by the County’s Recovery Initiative Economic Committee and the Equity Recovery Group. The recommendations set forth below incorporate input from all reviewers. A copy of the Strategic Recovery Plan is appended to this memo.

DISCUSSION:

The Strategic Recovery Plan consists of three phases and includes a total of seven recommendations that, when implemented, will help the County emerge from the COVID-19 pandemic with workers and businesses ready for the post-pandemic economy and beyond.

Phase 1: Save small businesses from permanent closure and encourage emerging entrepreneurs.

Small businesses represent 88% of the County's private enterprises. These small businesses have historically provided the County a critical source of job growth and are essential to the vibrancy, diversity, and long-term sustainability of the County's cities and local communities. Sadly, many of the County's small businesses have been hit particularly hard by the pandemic, as shoppers who have been sheltering in their homes are increasingly purchasing on-line. While some small businesses have successfully pivoted to on-line models, many are struggling due to a lack of technology, digital literacy, and/or adequate resources. The Strategic Recovery Plan recommendations are designed to encourage residents to return as shoppers to our small businesses and help those businesses meet their current and future needs.

1. Shop Local Campaign. Staff conducted outreach to other local jurisdictions, assessed multiple options to encourage local shopping, and worked with County stakeholders to identify potential vendors to pilot the "Shop Local" campaign. After those efforts, staff recommends the County pilot the Colu "Shop Local" incentive application in up to six cities. The application is currently in use in Akron, Ohio and Rancho Cordova, California, and will soon be in use in Boston, Massachusetts. Staff recommends that the County enter into an agreement with Colu for development of this application and for funding of shopper incentive payments. This agreement would be for an amount not to exceed \$250,000, with \$50,000 for development of the application and \$200,000 for shopper incentives. If the pilot program increases local business revenues, additional cities could be added along with additional incentive funds that could come from charitable foundations, cities, larger corporations, or other sources. Staff estimates the application will be developed and ready for use in approximately two months.

- Funding: \$250,000
- Term: Six-month pilot, starting in May 2021
- Partners: County agreement with Colu
- Action Requested: Authorize and direct the County Manager, or designee, to enter into an agreement with Colu in a total amount not to exceed \$250,00 to develop and pilot the "Shop Local" incentive application, which includes \$50,000 for application development and up to \$200,000 in incentives for County residents to shop in County businesses, and granting of a waiver of the competitive process for acquisition of these services pursuant to Section 2.83.050(e) of the San Mateo County Ordinance Code.

2. Establish a Small Business and Entrepreneurship Resource Center in the North County.

The Renaissance Entrepreneurship Center in East Palo Alto has demonstrated the benefits of having a small business incubator and business training and support program embedded in the community. To make small business training and support readily available to business owners and budding entrepreneurs in the north part of the County, staff recommends that the County contribute up to \$200,000 toward the establishment and first-year operating expenses of a North County SBE Resource Center. The North County SBE Resource Center would assist business owners with legal, human resources, and financial matters, technology, group purchasing, and other needs. Staff recommends that the North County SBE Resource Center initially operate on a pilot basis and is currently discussing a joint project with the City of South San Francisco. If the north County SBE Resource Center helps existing North County businesses navigate the pandemic and helps entrepreneurs launch new businesses, additional centers could be opened on the Coastside and in the central part of the County, subject to available funding.

- Funding: \$200,000
- Term: One-year pilot with start date to be determined based on partners
- Partners: SAMCEDA, City of South San Francisco and other north County cities and

chambers of commerce

- Action Requested: Authorize and direct the County Manager, or designee(s), to continue discussions with SAMCEDA, the City of South San Francisco regarding the establishment of a North County SBE Resource Center and the contribution of an amount not to exceed \$200,000 toward the establishment and first-year operating expenses of a North County SBE Resource Center and report back to the Board in early April 2021 regarding such discussions, and granting of a waiver of the competitive process for the acquisition of any necessary services to fund the establishment and first-year operation of the North County SBE Resource Center during the pilot period pursuant to Section 2.83.050(e) of the San Mateo County Ordinance Code.

3. **Technology Tools and Training Grant Program.** Staff recommends establishment of a pilot Technology Tools and Training Grant Program for disbursement of grants to small business owners in the County of up to \$2,500 that would be administered by the Renaissance Entrepreneurship Center. This pilot program would run from April through June 2021 and assist local businesses with website development, e-commerce capabilities, digital/online marketing, and social media presence. If the pilot program successfully helps sustain existing businesses and launch new businesses, additional funding would be recommended in the FY 2021-2023 budget.

- Funding: \$350,000 in grant and training funding including an administration fees of \$50,000.
- Term: April to June 2021
- Partners: Renaissance Entrepreneurship Center
- Action Requested: Authorize and direct the County Manager, or designee(s), to develop a pilot Technology Tools and Training Grant Program for disbursement of grants to local businesses at a cost not to exceed \$350,000 and report back to the Board in early April 2021 regarding the pilot, and granting of a waiver of the competitive process for the acquisition of any services necessary to administer and distribute the Technology Tools and Training Grant Program pursuant to Section 2.83.050(e) of the San Mateo County Ordinance Code.

Phase 2: Prepare and train unemployed workers for a new economy.

NOVAworks and others have documented that low-income workers have been disproportionately impacted by the COVID-19 pandemic, with many laid off, particularly in the travel and hospitality industries. At this point, it is not known when or how many of these low-income workers will be able to return to their former jobs when the pandemic ends. Many may need training to move into new lines of work. Many may also need economic support and access to technology so they can train and work remotely. While it is difficult to predict all the skills workers will need to successfully re-enter the post-pandemic workforce, we do know that digital-fluency and being platform-enabled will be essential.

1. **Forecast the future of business in San Mateo County and workforce and economic development needs through ongoing economic data collection and gathering of business intelligence.** Ongoing research is needed to understand post-pandemic business needs and determine the right time to start training displaced workers for future jobs. To perform that research, the County has contracted with the Bay Area Council Economic Institute (“BACEI”) and Professor Chris Benner at the University of California at Santa Cruz to interview larger businesses and review the economic data. BACEI will also provide insights on the environment for entrepreneurship in the County. The initial phase of this research will be completed by early April 2021 and will be updated in future months to provide ongoing insights into the health of the County’s economy.

- Recommended Funding: \$250,000
- Term: February - September 2021
- Partners: SAMCEDA, NOVAworks, BACEI, Professor Benner, others
- Action Requested: Authorize and direct the County Manager, or designee(s), to enter into and extend existing agreements in a total amount not to exceed \$250,000 for business intelligence and data collection and granting of a waiver of the competitive process for the acquisition of any such services pursuant to Section 2.83.050(e) of the San Mateo County Ordinance Code.

2. Develop a coordinated countywide workforce training plan. Multiple organizations in the County provide workforce development and job training services, and NOVAworks currently serves as the County’s Workforce Development Board. To be prepared when residents are ready to be re-trained and to use existing workforce development resources efficiently, staff recommends that NOVAworks, with the assistance of SAMCEDA, convene local community colleges, Job Train, Human Services Agency Workforce Development staff, and others to develop a targeted and coordinated training program for County residents displaced from work by the COVID-19 pandemic. This group will begin meeting in April and share their initial action plan with the Board in June.

- Recommended Funding: \$50,000
- Term: April to July 2021
- Partners: NOVAworks, SAMCEDA, Job Train, Labor, Community Colleges, County Human Services, others as identified
- Action Requested: Authorize and direct the County Manager, or designee(s), to enter into an agreement with NOVAworks in a total amount not to exceed \$50,000 to lead the development of the countywide workforce training plan and granting of a waiver of the competitive process for the acquisition of these services pursuant to Section 2.83.050 (e) of the San Mateo County Ordinance Code.

3. Implementation of the Countywide Workforce Training Plan. At this time, exactly what type of training will be needed and when that training should start is not known. But the workforce plan developed by County partners will answer those questions and most likely incorporate a range of training options such as subsidized work experience, apprenticeships, classroom training, internships, and on the job training. What we do know is that the COVID-19 pandemic has displaced many workers, particularly in the hospitality, travel and leisure industries. Many former employees in these sectors and other sectors have been without work for months and may not be asked to return to their former jobs, which is why staff recommends that \$2,000,000 of the requested economic recovery allocation under the Strategic Recovery Plan be set aside for workforce development and training.

- Funding: \$2,000,000
- Term: Fiscal Year 2021-2022
- Partners: Collaboration with all training, education, and job placement partners
- Action Requested: NOVAworks and the County Manager, or designee(s), report back to the Board when the training plan is complete and include a funding proposal for a total amount not to exceed \$2,000,000.

Phase 3: Connecting employers and workforce talent. Phase 3 of the Strategic Recovery Plan, the final step, helps connect the re-trained workforce to the employers seeking talent.

- 1. Networking, events and tools to connect employers and talent.** The COVID-19

pandemic has exacerbated the region’s disconnected labor market. Too frequently workers are unable to find jobs that fit their skills, and employers often cannot find the talent they need. To thrive, the post-pandemic economy will require new connections and more effective professional networks. The right time to work on connecting employers and talent will depend on employer confidence. It is not known exactly when that time will come, but by implementing the Phase 1 and 2 recommendations, when the time comes, the County will be prepared.

- Funding: \$100,000
- Term: To be determined
- Partners: SAMCEDA, chambers of commerce, training partners, and others working in collaboration
- Action Requested: County Manager, or designee(s), and community partners report back to the Board at the appropriate time on the plan for connecting employers and workforce talent.

Funding Plan

The table below summarizes the projects, proposed partners, funding recommendations and projected timeframes for the seven Strategic Plan recommendations. The requested \$5,000,000 includes \$800,000 to support small businesses and new entrepreneurs, \$2,300,000 to prepare unemployed workers for the new economy and \$100,000 to connect employers to workforce talent leaving a \$1,800,000 reserve to expand successful programs.

Summary of the Strategic Plan for Small Business and Workforce Recovery

	Recommendations	Contractor/Partners	Recommended Funding	Time Frame
Phase 1: Support for Small Businesses and New Entrepreneurs			\$800,000	
1.1	Shop Local App	Colu	\$250,000	March – September
1.2	North County Small Business and Entrepreneurship Center (SBEC)	TBD	\$200,000	TBD April
1.3	Digital Access & Training Grants	Renaissance Entrepreneurship Center and North County SBEC	\$350,000	April - June

Phase 2: Preparing Unemployed Workers for the New Economy			\$2,300,000	
2.1	Data, Business Intelligence, Community Convening	SAMCEDA, NOVA, County, consultants	\$250,000	April – September June
2.2	Development of a Countywide Workforce Training Plan	NOVAworks and partners	\$50,000	April - June
2.3	Set-aside for implementation of the Job Experience and Training Plan – fully subsidized work experience, OJT, classroom, internships, other tools	TBD based on Workforce Plan	\$2,000,000	July 2021 to June 2022

Connecting Employers and Workforce Talent				
3.1	Connecting Employers to Talent	SAMCEDA and NOVAworks	\$100,000	TBD
Reserve				
	Reserve for successful program expansion		\$1,800,000	
		TOTAL	\$5,000,000	

FISCAL IMPACT:

The \$5,000,000 in funding for the Strategic Recovery Plan as set forth above will be initially funded with County General Fund monies, subject to the application of and potential reimbursement from state and/or federal funds that may be made available in connection with the County's response to the COVID-19 pandemic. Additional contracts will be brought to the Board for consideration as implementation of the Strategic Recovery Plan proceeds.