

TO: Youth Council

Date: October 12, 2001

FROM: Operations Committee

For Action
 For Information
 Meeting Notes

SUBJECT: Renegotiation of ARBOR, Inc Contract

PROPOSED MOTION: That the Youth Council concur with the Operations Committee's renegotiation proposal with Arbor, Inc and recommend to the Workforce Investment Board that the counter proposal be presented to Arbor, Inc.

DISCUSSION: Arbor, Inc is the provider for Merced County's Older Youth Year Round Program. The Arbor contract is intended to serve 500 youth over a 20-month program. The first 8 months 175 youth were scheduled to enter the program; 55 were served. The second year of the program scheduled an additional 325 youth; as of this date 19 have been added to the program. To exacerbate this problem, Arbor has added staff to handle an unrealized increased number of clients. This has caused an escalation of costs without an appropriate increase in clients served.

On September 14, 2001, the Operations Committee directed PITD to renegotiate the Arbor contract with lower numbers of youth being served at reduced costs. On September 17, 2001, Arbor was formally notified of the pending renegotiation. Arbor responded on September 28, 2001 with a recommendation to de-obligate \$489,000 from the current contract amount of \$1,855,233 leaving the amount of \$1,366,233. They also proposed the number of youth enrollments be reduced from 500 to 300.

The Operations Committee has proposed a counter proposal to de-obligate \$862,722 from the current \$1,855,233 leaving the amount of \$992,342. They also propose the number of youth enrollments be reduced from 500 to 175.

ATTACHMENT: N/A