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City Manager's Office

# *Memorandum*

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Debra Figone

**SUBJECT:** PROSPECTSV AND  
WORK2FUTURE  
FOUNDATION  
INITIATIVES

**DATE:** November 6, 2013

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## INFORMATION

### BACKGROUND

The purpose of this memo is to provide a status update regarding the ongoing development and roll out of the ProspectSV and work2future Foundation initiatives.

For both these efforts, City staff has played an active role in conceptualizing, designing and fostering the early stage development of 501c3 nonprofit organizations to strengthen support for important economic and workforce development priorities.

### PROSPECTSV

The City is strategically focused on supporting driving industries and companies within these sectors. Clean technology companies are a key driver of job growth, innovation and economic vitality in our community. ProspectSV represents a key component of the City's targeted approach to identify, support and promote clean technology companies that can move the needle on job creation and economic development.

ProspectSV will do so by supporting clean technology demonstration projects and related trainings, research and dissemination activities, leading the development of public-private partnerships and engaging in a wide variety of other strategically coordinated efforts to support and expedite clean technology initiatives as they move from product development to full-scale commercialization.

In May 2013, ProspectSV hired its founding Executive Director, Doug Davenport. In this capacity Mr. Davenport is responsible for defining the strategic direction and overseeing and coordinating the day-to-day activities of Prospect SV, including its role in operating the Clean Technology Demonstration Center when it opens in Spring 2014.

Prior to this recruitment, City staff developed much of the required organizational infrastructure in order to allow such a recruitment to take place. This included, amongst other things, securing initial sponsorship funding from corporations that provided the required seed capital to hire a founding executive director, developing the initial legal and governance arrangements recruiting two private board members and serving as initial members for the ProspectSV board of directors.

With the Executive Director now leading the activities and organizational development for ProspectSV, City staff will remain on the board to ensure ongoing alignment with City priorities. The City staff on the ProspectSV board are Kim Walesh, Director of the Office of Economic Development/Chief Strategist, and Vijay Sammeta, Chief Information Officer. Under its bylaws, ProspectSV can have a total of seven board members. It is the intent of ProspectSV to strategically build the board of directors with additional private sector members. It is envisioned that the City staff will continue to serve on the board in order to support consistency in strategic direction and approach between the City and ProspectSV.

Over the next few months, the City will enter into a Cooperative Agreement with ProspectSV that will outline the vision, roles and responsibilities of the organization regarding its efforts to support regional clean technology initiatives. In addition, the City and ProspectSV will enter into an Operating/Lease agreement regarding management and utilization of space at the Environmental Innovation Center (EIC). This agreement will delineate the roles, responsibilities and anticipated performance requirements regarding Prospect's role in conducting outreach and engaging companies to conduct clean technology demonstration projects within the EIC. In this capacity, ProspectSV will identify specific companies to support and may provide, in certain cases, additional project facilitation, consulting, monitoring and evaluation support to these companies.

It is also envisioned that the City will enter into a non-financial Services Agreement with ProspectSV. This Services Agreement will formalize the roles and responsibilities of the City and ProspectSV regarding an upcoming Call for Proposals that ProspectSV will issue to solicit new clean technology demonstration projects. It is anticipated that Prospect will issue this Call for Proposals sometime during January 2014.

For these respective agreements, City staff will ensure that appropriate caution is taken regarding the negotiations and decision-making approvals. On an ongoing basis, City staff will continue to monitor the operating and financial performance of Prospect SV and will periodically provide progress reports to City Council. In addition, staff will support, where appropriate, marketing, branding and other activities to facilitate the success of this important initiative.

One important joint marketing activity is the formal launch of ProspectSV that will be held on November 7, 2013 at the San José City Hall Rotunda. Mayor Chuck Reed and key sponsors of ProspectSV, including Wells Fargo, Applied Materials and BMW will be present and support the

launch of ProspectSV at this event. This event is open to the public and we encourage all City council members to attend. For more information, please visit [www.sjeconomy.com](http://www.sjeconomy.com).

### **WORK2FUTURE FOUNDATION**

work2future, operated from the Office of Economic Development, serves as the local workforce investment board (WIB) for eight cities and the incorporated areas of Santa Clara County. Serving over 5,000 job seekers annually, work2future is one of the few WIBs that has continued to meet all of its federally mandated performance requirements, notwithstanding significant budgetary reductions and increasingly restrictive State legislation.

The City provides no general funds to work2future to support work2future operations.

With the objective of providing more services to more job seekers and businesses, the work2future Foundation (the Foundation) was originally conceived in November 2011, to serve simply as a funding conduit for non-federal government funding sources.

During the course of FY 12-13, however, staff brought forward a recommendation through the City's Alternative Service (ASD) Policy to transfer operations of the one-stop centers and service delivery for its Youth, Adult and Dislocated Worker clients to the Foundation in order to retain service capacity in light of continued federal funding cutbacks.

Under this ASD model, the Foundation will have its own staff, and there will be a contract between the City and the Foundation to provide the required oversight and resources to the Foundation to support its staffing and service delivery requirements. City staff again will take appropriate caution regarding the pending negotiations and decision-making approvals related to this contract.

In June 2013, City Council approved the ASD model, and in August 2013, City Council subsequently approved the unique services agreement between the City and the Foundation.

For FY 2013-2014 the City will provide up to \$1.7 million of federally sourced Workforce Investment Act funding to the Foundation. This funding will support the one-stop operations and service delivery to the approximately 5,000 Adult, Dislocated Worker and Youth job seekers served annually by work2future. City staff will ensure that appropriate caution is taken regarding the negotiations and decision-making approvals.

As with ProspectSV, City staff has played a leading role in developing the initial operational infrastructure for the work2future Foundation. This has included defining the legal structure, developing the board of directors, conducting initial fundraising, and developing program and fiscal policies and procedures. City staff currently serves as unpaid officers of the Foundation to support the Foundation Board up to the point that the executive director is hired. At such point, City staff would step down as officers of the Foundation.

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Staff is currently working to recruit an executive director for the work2future Foundation. The executive director is expected to be hired by early December 2013. Once on board, it will be the responsibility of the executive director to oversee the operations of the work2future Foundation, support its fundraising efforts, engage and develop the Foundation board, forge new partnerships and ensure compliance under the terms and conditions of the services agreement with the City of San José.



Debra Figone  
City Manager

For questions please contact Jeff Ruster, Director of Strategic Partnerships, at 408-794-1151.