NORTEC
WIB AND GOVERNING BOARD MINUTES
THURSDAY, APRIL 28, 2011
REDDING, CA

I. CALL TO ORDER

The meeting was called to order by H. Oilar, WIB Chair, and W. Otto, Governing Board Chair, at 10:03 a.m.

II. ROLL CALL

There was a quorum of both the WIB and Governing Board. Roster

III. APPROVAL OF MINUTES, JANUARY 27, 2011

A motion made by S. Martin, and seconded by B. Maffett, for WIB approval of the January 27, 2011, minutes passed the WIB unanimously.

A motion made by J. Chapman, and seconded by L. Baugh, for Governing Board approval of the January 27, 2011, minutes passed the Governing Board unanimously.

IV. APPROVAL OF AGENDA

A motion made by T. Cochran, and seconded by R. Sandler, to approve the agenda as posted, passed the WIB unanimously.

A motion made by J. Cook, and seconded by P. Huebner, to approve the agenda as posted, passed the Governing Board unanimously.

V. WIB APPOINTMENTS

There were no vacancies on the NoRTEC WIB.

VI. PUBLIC COMMENT

S. Knox, NoRTEC Executive Director, presented a plaque to Judi Madden to thank her for her years of service as Chairperson to the Private Industry Council and the Workforce Investment Board.

H. Oilar, NoRTEC WIB Chair, stated Anna Bengtsson resigned as Executive Director of Smart. Oilar introduced Nancy Morris as the new Executive Director.

VII. EXECUTIVE COMMITTEE REPORT

T. Cochran presented the Executive Committee report.

A. Butte PIC Dissolution

S. Knox summarized the events leading up to the dissolution ➡ Summary

A. Lehman stated NoRTEC responded quickly to the closing of the Butte PIC. She reported that within a two week period NoRTEC had met with Nevada County's Board of Supervisors, had spoken with the State Assembly representative, and put a new provider in place in Nevada County.

R. Sandler asked what happened to the Butte PIC funds and wanted to know if they would be recaptured. He also asked where the funds were coming from to pay for the audit of the PIC.

S. Knox reported there were no funds to recapture as all had been expended. Knox reported the funding for the audit would likely come out of the administrative budget.

L. Baugh asked if there was any funding available to continue services in Butte and Nevada Counties for the rest of the (program) year. Knox reported NoRTEC staff were pursuing additional funding from the State specifically for continued service in Butte and Nevada Counties, and there was some special project funding that was held back to cover the second year of operation of the special projects.

J. Chapman said he thinks there should be more internal controls at the NoRTEC level, and that the WIB and Governing Board need to be tougher on over expenditures in the future. He also stated that he thought NoRTEC should have acted sooner with respect to the Butte PIC situation.

R. Sandler asked how the additional funding to pay for the audit was authorized.

S. Knox stated the WIB and Governing Board approve a budget and staff have discretion on how to spend it. Since the funding to pay for the audit was available in the administrative budget, staff had the authority to secure the audit. Knox said he would try to replace the funding, but in the event that is not possible, there is enough money in the budget to pay for the audit.

M. Cross introduced Aaron Stewart, NoRTEC's attorney.

A. Stewart stated NoRTEC staff had followed proper procedure based on contractual language and WIA regulations. He said although there was concern among the members about the cost of the audit, the cost of not have one would likely be greater. He said it is important to show that NoRTEC is properly investigating the situation with the Butte PIC.

B. Current WIA Services in Butte and Nevada Counties

K. Schmitz, the Executive Director of the Job Training Center, gave an update of progress in Nevada County. She said the Job Training Center was unable to continue all programs started by the Butte PIC because there was not enough funding to do so. She also reported Nevada County was helping to keep the doors of the One Stop open so Job Training Center staff could focus on file clean-up and the

implementation of a new program in Nevada County. Schmitz said she was excited about the similarities between Tehama and Nevada Counties with respect to tourism and visitor attraction, and she thought the two counties were a good match.

T. Holt, Executive Director of AFWD, gave a brief update on the progress in Butte County. She reported AFWD had take over client files for Butte County on March 7, and had been working out of the NoRTEC offices with a focus on file clean-up and beginning the process of program implementation. Holt reported AFWD had been meeting with local entities and partners, and staff had provided rapid response services to Butte County residents who had lost their jobs due to plant closures, including employees of the Butte PIC.

C. Proposed PY 2011/2012 Service Provider Contract Additions

The members reviewed the contract language changes proposed by the Executive Committee → Proposed Contract Language

A. Stewart explained the contract language change clarifies current procedure, it does not give NoRTEC the power to do anything new.

L. Baugh asked about expenditure levels in this quarter's report, and wanted to know if it was a potential problem because they were low compared to minimum expenditure level requirements in the proposed contact language. Knox said this was a special year because of the additional ARRA funding received by the Local Workforce Investment Areas, set to expire on June 30, 2011, and because of the deep budget cuts proposed for allocated funding for PY 2011/2012. He explained the State wanted all ARRA funding spent by June 30, and had authorized a waiver to minimum expenditure rates at the State level for allocated funding. Knox said this waiver was extended to the programs so they could carry in more of PY 2010/2011 funding to PY 2011/2012 to ease the burden of reduced allocated funding.

A motion made by M. Piller, and seconded by J. Madden to approve the proposed contract language changes noted above, passed the WIB unanimously.

A motion made by J. Chapman, and seconded by J. Cook to approve the proposed contract language changes noted above, passed the Governing Board unanimously.

D. Formation of Non-Profit Organization

T. Cochran reported the Executive Committee believed the formation of a non-profit was important to NoRTEC's ability to secure additional funding and remain viable in future years. The non-profit status would allow NoRTEC to apply for funding from sources that required applicants to be non-profits, not governmental entities.

S. Martin stated she also thought NoRTEC needed to broaden its potential funding base, as long as the focus remained on WIA programs and services.

J. Bullock asked if other entities within NoRTEC could access this non-profit to apply for funding. S. Knox replied it might be possible, as long as the funding clearly supported NoRTEC's mission.

J. Chapman said he was okay with the WIB forming a non-profit as long as an arms-length relationship with the Joint Powers Authority was maintained to protect the county governments from liability. Chapman also asked how NoRTEC was going to pay for the costs associated with forming a non-profit, as WIA funds should not be used.

S. Knox stated he had formed non-profits before and was confident he could obtain funding outside of WIA to pay for it. He also said any staff who worked for the non-profit would track their time separately to assure WIA funds were not utilized.

A. Stewart said the funding to create the non-profit was an issue and WIA funds should not be used. He also said this action by the WIB should not be ratified by the Governing Board, an arms-length relationship should be maintained, and the relationship should be formal and in writing to protect the Governing Board.

S. Knox stated an MOU would be developed and brought back to the WIB and Governing Board for approval.

A motion made by B. Maffett, and seconded by P. Hall to form a non-profit to complement the goals of NoRTEC passed the WIB unanimously.

A motion made by L. Osborne, and seconded by J. Smith Freeman to approve the Executive Committee report passed the WIB unanimously.

A motion made by G. Russell, and seconded by J. Bullock to approve the Executive Committee report, minus the formation of a non-profit, passed the WIB unanimously.

VIII. PROGRAM COMMITTEE REPORT

M. Piller presented the Program Committee report.

A. Program Monitoring

M. Piller stated on-site monitoring visits for special projects were conducted in late January and early February. Piller said there were no findings at Smart or the Job Training Center, but staff found problems with the files at the Butte PIC. Staff from AFWD and the Job Training Center were working on reconstructing the files to accurately reflect the services received.

Piller report special project monitoring for RHS, STEP, and AFWD would be combined with the spring monitoring reviews to be conducted in May and June.

B. State Monitoring

M. Piller reported the State conducted a review of NoRTEC's Youth programs the week of January 10, 2011. The NoRTEC office, Smart, the Job Training Center, and the Butte PIC were reviewed. There were no findings.

The Department of Labor conducted a review of NoRTEC's Pathways Out of Poverty program on February 15-18, 2011. The monitor visited the NoRTEC office and Smart. Piller reported there were a few administrative issues that were being addressed by staff.

C. Client Numbers

T. Brown reported NoRTEC had transitioned to a new client tracking system and reports were currently unavailable.

D. Contract Performance

T. Brown reported NoRTEC had transitioned to a new client tracking system and reports were currently unavailable.

E. Plant Closure Updates

The members reviewed the business closures and layoffs that had taken place since the last meeting (see agenda for link to report).

F. "Headline" Program Reports

The members reviewed the Community Coordinator reports as presented in the agenda (see the agenda for summaries and links to full reports).

Tim Hoone, Workforce Center Director at RHS, gave a brief presentation on the damage from the March 2011 tsunami and their efforts to help those affected by the disaster. Piller noted NoRTEC had applied for $5 million to help put people back to work.

G. Staff Training

B. Austin reported on staff training as outlined in the agenda.

H. Youth Council Report

Kathy Garcia, from the Job Training Center, gave an update on youth activities in Tehama County with an emphasis on the upcoming "Expect More Tehama Summitt" to be held in Corning on May 26, 2011.

A motion made by J. Madden, and seconded by J. Smith Freeman for approval of the Third Quarter Program Committee Report passed the WIB unanimously.

A motion made by J. Bullock, and seconded by J. Cook for approval of the Third Quarter Program Committee Report passed the Governing Board unanimously.

IX. FINANCE COMMITTEE REPORT

Bill Hamby, Finance Committee Chair, presented the Finance Committee report.

A. PY 2010/2011 Funding

Hamby reported NoRTEC currently has $25,650,151 in available funding. An additional $5,300,000 has been requested.

B. Approval of the PY 2010/2011 Third Quarter Financial Reports

Third quarter reports for PY 2010/2011 were presented to the members for approval. (See agenda for link to reports.)

- PY 2010/2011 Contracts Summary
- PY 2010/2011 Service Provider Contract Modifications
- PY 2010/2011 Program Expenditure Reports
- PY 2010/2011 NoRTEC Administrative Entity Report
- PY 2010/2011 NoRTEC WIB and Governing Board Expenditure Report

A motion made by M. Piller, and seconded by L. Wright, approving the Third Quarter finance reports passed the WIB unanimously.

A motion made by P. Huebner, and seconded by J. Bullock, approving the Third Quarter finance reports passed the Governing Board unanimously.

C. Acceptance of the June 30, 2010, Single Audit Report

B. Hamby noted the audit was received and there were no findings, questioned costs, or recommendations resulting from the audit.

A motion made by L. Osborne, and seconded by B. Maffett, to accept the Single Audit Report passed the WIB unanimously.

A motion made by J. Chapman, and seconded by G. Hemmingsen, to accept the Single Audit Report passed the Governing Board unanimously.

D. PY 2011/2012 NoRTEC Administrative Entity Budget

B. Hamby reported the Administrative Entity was requesting an additional $18,000 (1%) over PY 2010/2011 budget to accommodate rising rent and travel costs.

A motion made by J. Madden, and seconded by P. Hall, to approve the NoRTEC Administrative Entity Operating Budget at $1,385,866, and the Other Projects Budget at $650,000, subject to the availability of funding passed the WIB unanimously.

A motion made by P. Huebner, and seconded by J. Chapman, to approve the NoRTEC Administrative Entity Operating Budget at $1,385,866, and the Other

Projects Budget at $650,000, subject to the availability of funding passed the Governing Board unanimously.

E. PY 2011/2012 NoRTEC WIB/Governing Board Budget

B. Hamby reported the WIB/Governing Board budget requested for PY 2011/2012 was $10,000 (8%) higher than the previous year. Hamby said this increase was to accommodate increased legal and travel expenses.

J. Bullock said he thought more funding should be requested for legal expenses. S. Martin thought the figure should be left as requested. B. Hamby said he recommended leaving the level as requested, knowing more funding could be requested if needed.

A motion made by L. Bosetti, and seconded by D. Beeson, to approve the WIB/Governing Board budget at $130,000, subject to the availability of funding passed the WIB unanimously.

A motion made by J. Chapman, and seconded by J. Cook, to approve the WIB/Governing Board budget at $130,000, subject to the availability of funding passed the Governing Board unanimously.

F. NoRTEC Fiscal Monitoring

The members noted fiscal reviews of the Service Providers by NoRTEC were scheduled for May and June 2011.

G. State and Fiscal Procurement Monitoring of NoRTEC

M. Cross reported the draft monitoring report for the fiscal and procurement review of NoRTEC by EDD had been received and NoRTEC staff responded to the State's concerns, as was reported at the October meeting. Cross said the final report had still not been issued.

Cross also noted another fiscal and procurement review by EDD of NoRTEC was schedule for the week of May 16, 2011.

A motion made by T. Cochran, and seconded by D. Beeson, for approval of the Third Quarter Finance Committee report passed the WIB unanimously.

A motion made by J. Cook, and seconded by P. Hueber, for approval of the Third Quarter Finance Committee Report passed the Governing Board unanimously.

X. STATUS OF FUNDING APPLICATIONS

A. Prior Approval

S. Knox reported the AB 118 California Energy Commission application for $500,000 was approved by the California Energy Commission. Knox also reported the USDA Rural Community Development Initiative application for $300,000 was still pending.

B. New Applications

S. Knox asked for approval for staff to submit an application for $5,000,000 to the State for a National Emergency Grant to employ over 200 workers in temporary jobs to assist with clean-up and restoration of the Crescent City Harbor and other public grounds, damaged by the March 2011 tsunami.

A motion made by T. Cochran, and seconded by D. Beeson, for staff to submit a $5,000,000 national emergency grant application passed the WIB unanimously.

A motion made by L. Baugh, and seconded by J. Beeson, for staff to submit a $5,000,000 national emergency grant application passed the Governing Board unanimously.

XI. SMALL BUSINESS UPDATE

No update was given.

XII. OLD BUISNESS

There were no Old Business items discussed.

XIII. NEW BUSINESS

The members noted the next WIB/Governing Board meeting would be held on July 28, 2011, at a site in Chico.

XIV. ADJOURNMENT

The meeting was adjourned at 12:45 p.m.