NORTEC
WORKFORCE DEVELOPMENT BOARD AND GOVERNING BOARD
MINUTES
THURSDAY, MAY 22, 2025
CANYON OAKS COUNTRY CLUB
CHICO, CA

I. CALL TO ORDER

Workforce Development Board Chair S. Marie called the meeting to order at 10:00 am.

II. PLEDGE OF ALLEGIANCE

The pledge was recited.

III. ROLL CALL

There was a quorum of the Governing Boards (GB) and quorum of Workforce Development Board (WDB). Roster

Greg Einhorn, NoRTEC's outside attorney, was introduced.

IV. APPROVAL OF AGENDA (ACTION)

A motion by E. Cavasso, seconded by M. Clarno for WDB approval of the agenda, passed unanimously.

A motion by G. Bridges, seconded by E. Valenzuela for GB approval of the agenda, passed unanimously.

V. PUBLIC COMMENT

There was no public comment.

VI. WORKFORCE DEVELOPMENT BOARD APPOINTMENTS (ACTION)

A motion by E. Valenzuela, seconded by G. Bridges for the Governing Board to appoint Tiffany Rowe to fill the Health and Human Services – At Large seat on the NoRTEC Workforce Development Board, passed unanimously.

VII. UPCOMING WORKFORCE DEVELOPMENT BOARD VACANCIES (INFORMATION)

S. Marie reviewed the vacant seats for the Workforce Development Board as follows:

Del Norte County Private Industry
At-Large Private Industry

VIII. CONSENT AGENDA

NoRTEC Executive Director M. Cross read the consent agenda items as follows:

A. WDB/Governing Board Meeting Minutes from February 27, 2025,
B. Program Report, and
C. AJCC Continual Improvement Plans.

L. Zorn noted the Program Report had not been sent out to the WDB Program Committee before the Board meeting. Therefore, the Program Committee had not reviewed the information nor recommend approval as stated in item VIII. B of the Consent Agenda.

A motion by M. Clarno, seconded by H. Oilar, for WDB approval of the Consent Agenda with removal of item VIII. B. passed unanimously.

A motion by G. Bridges, seconded by E. Valenzuela for GB approval of the Consent Agenda with removal of VIII. B., passed unanimously.

IX. NORTEC WORKFORCE DEVELOPMENT BOARD RECERTIFICATION (ACTION)

M. Cross explained WIOA requires the recertification of local workforce areas and their respective workforce development board every two years. NoRTEC's current designation expires on June 30, 2025. M. Cross clarified that this is an action item and not an informational item as noted on the agenda.

A motion by W. Hagge, seconded by John Wilson, for WDB approval of the Application for Local Area Subsequent Designation and Local Board Recertification for submission to the State, passed unanimously.

A motion by E. Valenzuela, seconded by G. Bridges, for GB approval of the Application for Local Area Subsequent Designation and Local Board Recertification for submission to the State, passed unanimously.

X. PY 2024/2025 FUNDING (INFORMATION)

M. Cross reviewed Program Year 2024/2025 funding information as posted on the agenda. Discussion ensued regarding the status of funding and what NoRTEC is doing to bring in additional funding. M. Cross explained FY25/26 funding has already been approved and it is expected to be received. Grants are being applied for such as Prop 47. NoRTEC staff has to apply for grants prior to Board approval as the deadlines don't align with quarterly meetings.

R. Leutwyler asked if there was any issue with staff notifying Board members via email regarding grant applications. Attorney G. Einhorn said it is fine as long as any responses are made to staff only and not to other Board members.

XI. FINANCE REPORT (ACTION)

A. E. Honkakangas reviewed the 2024/2025 Third Quarter Financial Reports

1. PY 2024/2025 Contracts Summary

E. Honkakangas reviewed the report as presented in the agenda.

Discussion ensued regarding how funds are allocated and held back. M. Cross explained allocations depend on the funding source. Disaster grants must be spent in the county where the disaster occurred. Funds are held back to ensure the budget will be covered and then they are released to service providers. Some funds are to be spent over several fiscal years. Concerns were voiced over higher amounts in some categories and how maybe some of those funds should go to service providers. The 2021 fires and Additional Assistance funds expired in March and were fully spent. There was also discussion about providing a report by quarter instead of only providing a cumulative report.

2. PY 2024/2025 Service Provider Contract Modifications Report

E. Honkakangas reviewed the report as presented in the agenda and said there were no contract modifications for the third quarter.

3. PY 2024/2025 Program Expenditure Report

a. Program Expenditure Rate Requirements - E. Honkakangas reviewed the report as presented in the agenda noting service providers have met the expenditure rate requirements which are 50%-85% for the third quarter.

b. Training Expenditure Rates – E. Honkakangas explained a minimum of 32.1% of total expenditures in the Adult and Dislocated Worker programs must be spent on out-of-pocket training costs for participants. All service providers are meeting this requirement.

Questions were asked about the NoRTEC admin budget and funds being transferred to service providers. M. Cross explained it depends on the term of the funding as some may be available to allocate in the current fiscal year and some the following fiscal year. Every dollar not spent by the administrative entity will, at some point, be allocated to service providers. Information is provided to the Board through the Contracts Modification report, including any changes to allocations or, if one AJCC does not spend all of their allocation, then it may be reallocated to another service provider. At the August Board meeting, fiscal reports will show any carry-forward

amounts from FY24/25. Quarterly reports showing adjustments could also be provided as a regular update by putting together a spreadsheet.

A question was asked if NoRTEC has ever reallocated from admin to the service providers. M. Cross answered “yes” and added it is a juggling act to ensure there is sufficient funding under the approved budget. There are three options for any excess funding; unspent and returned to the state, allocated to the service providers or spent by the Board.

4. PY 2024/2025 NoRTEC Administrative Entity Expenditure Report

   E. Honkakangas reviewed the report as presented in the agenda noting there were no concerns as expenditures were lower than expected except for dues and memberships being up 7%.

   Questions were asked regarding how excess funds are forecasted and made available to service providers so they may spend the funds timely. M. Cross said it depends on the grant or project.

   Clarifying questions were asked about a discrepancy of half-a-million dollars between the Administrative Budget and the Contract Budget. M. Clarno attempted to clarify the difference between the two reports by using Rapid Response/Layoffs as an example, noting it is all under NoRTEC Admin so that it can be assigned when a service provider needs this funding. M. Clarno said this report holds that money that could be assigned to any service provider whereas the second report is spending by organization and does not include those funds. M. Cross agreed and said it could be allocated in the following program year depending on the timeframe for spending.

   It was asked if the report could be restructured to remove those funds so that it does not appear they are part of administrative costs. M. Cross said Fiscal Committee participation has been difficult. It was stated that an active committee would be helpful given the amount of interest in the budget reports. It was also noted that only 58% of the budget had been expended through quarter three so there will likely be carry-forward into next year.

5. PY 2024/2025 NoRTEC WDB/Governing Board Expenditure Report

   E. Honkakangas reviewed the report as presented in the agenda noting that he had no concerns as all expenditures were under 75% except for insurance which is a one-time payment. There were no questions.

B. NoRTEC Fiscal Monitoring

E Honkakangas explained the first round of service provider monitoring for PY 24/25 is in progress and results of these reviews will be reported upon completion.

C. State Fiscal and Procurement Monitoring of NoRTEC

Currently no monitoring has been scheduled and the Board will be made aware once it is scheduled.

E. Honkakangas noted a typo in the recommended action on the agenda; it should be the third quarter and not the first quarter as written.

A motion by John Wilson, seconded by W. Hagge for WDB approval of the third quarter finance report, passed unanimously.

A motion by G. Bridges, seconded by G. Jones, for GB approval of the third quarter finance report, passed unanimously.

XII. PY 2025/2026 NORTEC ADMINISTRATIVE ENTITY BUDGET (ACTION)

E. Honkakangas reviewed the PY 2025/2026 budget noting: salaries and benefits were reduced by 13%; legal costs increased, supplies increased by 50% due to needing to upgrade accounting software before support is no longer available from the vendor; utilities increased; and travel increased due to rising costs for traveling for required monitorings.

Clarification was asked regarding grant funded projects. E. Honkangas read the definition for that line item. It was noted that current annualized expenses compared to the proposed budget of 2.81 million, there is about a 20% increase overall. Staff added this budget includes a previously approved position and NoRTEC is also trying to minimize staff expenses as much as possible.

It was asked if approving the budget could be delayed until August. M. Cross said an authorized budget is required by July 1st as staff needs authorization to spend funds. Suggestion was made to do a budget review earlier, at the start of the budget cycle.

A motion by D. Platz, seconded by R. Richardson, for WDB approval of the PY 2025/2026 NoRTEC Administrative Entity Operating Budget for $1,560,000 and the PY 2025/2026 Administrative Other Projects Budget for $545,000 subject to availability of funding, passed unanimously.

A motion by T. McGowan, seconded by S. Starr; for GB approval of approval of the PY 2025/2026 NoRTEC Administrative Entity Operating Budget for $1,560,000 and the PY 2025/2026 Administrative Other Projects Budget for $545,000 subject to availability of funding, passed unanimously.

XIII. PY 2025/2026 WDB/Governing Board Budget

E. Honkakangas reviewed the PY 2025/2026 budget as presented in the agenda noting insurance and legal fees are increasing and meeting and supplies are decreasing. Questions were asked and answered about insurance. E. Honkakangas said meeting costs were decreased to align with actual expenditures. M. Cross said the insurance policy can be provided by staff. Increased legal expenses were also explained.

A motion by R. Richardson, seconded by E. Cavasso, for WDB approval of PY 2025/2026 WDB/Governing Board Budget at $92,000 subject to the availability of funding, passed unanimously.

A motion by S. Starr, seconded by G. Bridges, was made for GB approval of the PY 2025/2026 WDB/Governing Board Budget at $92,000 subject to availability of funding.

Prior to the vote, E. Valenzuela said that, all funds do not need to be spent just because they are approved in the budget and he would have preferred to have the closed session first.

The motion passed unanimously.

XIV. ACCEPTANCE OF THE JUNE 30, 2024, SINGLE AUDIT REPORT (ACTION)

E. Honkakangas reviewed the results of the June 30, 2024, Single Audit Report for the administrative entity. There were no findings, questioned costs, or recommendations resulting from the audit. R. Richardson congratulated staff.

A motion by M. Clarno, seconded by W. Hagge, for WDB acceptance of the June 30, 2024, Single Audit Report, passed unanimously.

A motion by E. Valenzuela, seconded by T. McGowan, for GB acceptance of the June 30, 2024, Single Audit Report, passed unanimously.

XV. AUTHORIZATION TO CONTRACT WITH WIOA SERVICE PROVIDERS (INFORMATION)

M. Cross provided an update. The Ad Hoc RFP Review Committee met on March 12, 2025, to review additional information provided by SMART and recommended NoRTEC staff enter into contract negotiations with SMART for services to begin July 1, 2025.

XVI. WIOA MEMORANDUM OF UNDERSTANDING (ACTION)

M. Cross explained that WIOA requires the WDB to enter into an MOU with all local and state partners.

A motion by E. Cavasso, seconded by P. Barbieri, for WDB approval of the Chair of the Workforce Development Board to sign/execute the negotiated partner MOU, passed unanimously.

A motion by G. Bridges, seconded by G. Jones, for GB approval of the Chair of the Workforce Development Board to sign/execute the negotiated partner MOU, passed unanimously.

XVII. REGIONAL AND LOCAL PLAN UPDATE (ACTION)

M. Cross explained that WIOA legislation requires the creation of a regional and local workforce development strategic plan every four years and it is updated every two years. Discussion occurred regarding stakeholders and service providers providing input on the development of the plan. Public comment and a deep dive into the local areas occurs to ensure the plan addresses all required items. It takes about 6 months to prepare the plan.

A motion by John Wilson, seconded by E. Cavasso, for WDB approval of the NoRTEC Regional Plan Modification, as published, passed with L. Zorn abstaining.

A motion by E. Valenzuela, seconded by G. Bridges, for GB approval of the NoRTEC Regional Plan Modification, as published, passed unanimously.

XVIII. STATUS OF FUNDING APPLICATIONS (INFORMATION)

A. New Applications

There were no new applications.

B. Prior Approval

H. Chavez announced that NoRTEC received notification that its application for funding through the EDD Department of Rehabilitation for a Disability Access, Equity and Inclusion grant has been awarded for $993,000. Phase 1 will likely start in August or September and will include staff training with Phase 2 starting about 6 months later and enrolling 80 clients into WIOA services.

XIX. RECESS TO CLOSED SESSION PER CALIFORNIA GOVERNMENT CODE SECTION 54954.5, PUBLIC EMPLOYEE PERFORMANCE GOALS AND AGENCY GOALS

Closed session began at 11:30 am.

XX. RECONVENE TO OPEN SESSION

Regular meeting reconvened at 1:10 pm.

XXI. REPORT OF ACTION FROM CLOSED SESSION

R. Leutwyler reported that direction was given to the Executive Committee on how to move forward for hiring an Executive Director for NoRTEC.

XXII. OLD BUSINESS (INFORMATION)

There was no old business.

XXIII. NEW BUSINESS (INFORMATION)

A. Upcoming WDB/Governing Board Meetings

S. Marie announced the next board meeting is scheduled for Thursday, August 28, 2025, at the Gaia Hotel in Anderson and the following board meeting is scheduled for Thursday, October 23, 2025 with the location to be determined.

B. Other New Business

Discussion occurred regarding fire safe councils as well as training initiatives and potential eligibility for funding. M. Cross said there is potential and it would be for clean-up and disaster work.

R. Leutwyler stated that during the closed session, the board decided to establish a hiring committee to carry out the recruitment of the new NoRTEC Director, however, it would need to be added to the agenda and voted on today. Members would include: M. Clarno, G. Jones, L. Zorn, L. Russell, M. Nystrom, S. Marie, and R. Leutwyler.

A motion by H. Oilar, seconded by M. Loeswick for WDB approval of the Ad Hoc Hiring Committee to be added to the agenda, passed unanimously.

A motion by G. Bridges, seconded by G. Jones, for GB approval of the Ad Hoc Hiring Committee to be added to the agenda, passed unanimously.

R. Leutwyler explained the goal is to have a final candidate brought to the meeting in August for approval by the Board. M. Nystrom noted she would like any necessary funding for the hiring process to be paid for using NoRTEC's administrative budget.

A motion by M. Nystrom, seconded by E. Cavasso, for WDB approval of an Ad Hoc Hiring Committee and the appointment of S. Marie, M. Clarno, G. Jones, L. Zorn, L. Russell, M. Nystrom, and R. Leutwyler to the Ad Hoc Hiring Committee, passed unanimously.

A motion by S. Starr, seconded by G. Bridges, for GB approval of an Ad Hoc Hiring Committee and the appointment of S. Marie, M. Clarno, G. Jones, L. Zorn, L. Russell, M. Nystrom, and R. Leutwyler to the Ad Hoc Hiring Committee, passed unanimously.

XXIV. ADJOURNMENT

Meeting adjourned at 1:17 pm.