

WORK2FUTURE BOARD OF DIRECTORS MEETING
THURSDAY JUNE 20, 2013
ACTION MINUTES
CTO: 11:46 a.m.

I. QUORUM VERIFICATION:

Present: Rose Amador, Denise Boland, Jeff Burrell, Janeen Dittrick, Jack Estill, Joseph Flynn, Richard Friberg, Leslie Gilroy, Scott Green, Bill Guthrie, Sue Koepp-Baker, Van Le, Glenn Ledet, Rocky Maddex, George Massoud, Dr. David Matuszak, Ananth Nagaraj, Dr. Mark Novak, Steve Preminger, Rashad Said, Hermelinda Sapien, Mitch Schoch, Alex Torres, Lloyd Tran, Bryan VanHuystee, Henri Villalovoz, Sean Washington, Erin Wright, Jorge Zavala.

Absent: Benny Boveda, Fabiola Czech, Tom Fink, Jose Gonzalez, Dr. Bob Harper, Olivier Minkowski, Pamela Moore, Rachel Perez, Dani Sellers, Fernando Sepulveda, Sajeev Sidher, Sima Yazdani.

II. OPENING REMARKS: Read by Chair Joe Flynn.

III. CONSENT ITEMS

ACTION: Upon motion by Hermelinda Sapien, seconded by Steve Preminger, and approved unanimously, the Board accepted the following consent items:

- (a) Grant Report of June 1, 2013.
- (b) Labor Market Information Report of June 1, 2013.
- (c) April Training Report of May 15, 2013.
- (d) April Customer Service Report of May 15, 2013.
- (e) April BusinessOwnerSpace.com (BOS) Report of May 13, 2013.
- (f) Performance Report of April 22, 2013.
- (g) March Budget Variance Report of May 31, 2013.

IV. AGENDA ITEMS

A. Old Business

1. Minutes Approval

ACTION: The Minutes of work2future's March 21, 2013 Board meeting were unanimously approved.

Motion: Erin Wright

Seconded: Van Le

B. New Business

1. Business Express Web Portal

Executive Director Jeff Ruster presented this item, explaining to the Board how B.J. Sims has shown exemplary leadership in pulling together the City's new "Business Express" web-based small business permitting tool, in conjunction with multiple City departments and external stakeholders, adding that, based on her excellent efforts, she was recognized as Employee of the Year.

2. FY 2013-2014 Budget Approval (This item was heard out of order.)

Prior to the Board discussion of the Budget Approval agenda item, Foundation Board members Denise Boland, Dr. Mark Novak, and Rashad Said left the room for the discussion and vote on the Budget Approval item, based on work2future's receipt of their signed declarations of Conflict of Interest relating to this item.

The Executive Director explained that the Budget being considered by the Board was approved unanimously by the Executive and Finance Committees at their meetings earlier in June 2013, and that the Board had approved three preliminary budget scenarios for preliminary planning purposes: a \$9.7M base case budget, an \$8.5M budget, and a \$10.2M budget. In early May, work2future was notified that its FY 2012-2013 allocation would be \$9.3 million, a \$330,000 difference. The Executive Director also noted that work2future does not have as much savings as last year, with approximately \$1 million less in the Budget.

The Executive Director reported that the City Council had approved work2future's proposed ASD model as part of the City's budget on June 11, 2013, and formally adopted the City's budget on June 18, 2013. He explained that the next step in the process will be City Council approval of a Unique Services Agreement between the City and the work2future Foundation in August. The contract between the City and the Foundation would be the conduit to transfer \$1.7 million in funding to the Foundation as a third party.

The Executive Director explained that, since work2future does not yet have the approval of City Council for the Unique Services Agreement, the secondary recommendations assume two scenarios: one which contemplates that City Council approves the Unique Services Agreement in August 2013, and another in which City Council does not approve the contract between the City and the Foundation in August 2013.

In both models, the Executive Director explained that there would still be a 15% reserve, with a built-in conservative consideration that no leveraged funding would be applied against the SB 734 requirement to spend 25% of the Adult and Dislocated Worker allocation on training until it is certain that \$300K to \$400K that work2future has identified as potential leveraged funding is considered to be applicable by EDD. If approved, the \$300K to \$400K would represent savings for work2future.

The Executive Director stated that in the proposed ASD model, it is contemplated that there will be a transfer of \$1.7 million to fund staffing for work2future's one-stops. He explained that, for the first year, it is not contemplated to transfer non-personnel costs or service contracts such as workshop agreements to the Foundation. An assessment would be performed after the first year to determine the feasibility of transferring contracts to the Foundation.

The Executive Director said that the key difference between the current year's budget and the ASD budget is that work2future would be spending \$1.1 million less in personnel, with only a slight reduction in the overall number of staff, based on the difference in personnel cost between the City and the Foundation. Given the approximate 10% cut to work2future's budget as a result of formula funding reductions and sequestration, the ASD will allow work2future to provide more services to more clients.

The Executive Director explained that the ASD budget also allows work2future to apply approximately 22% of its funding toward the 25% training expenditure requirement to satisfy SB 734. The Executive Director added that supportive services funding is decreased slightly under the ASD scenario.

Under the scenario where City Council does not approve work2future's proposed ASD model, the Executive Director explained that the greatest impact will be that 18 employees would be impacted. work2future would still have a 15% reserve, but would only be able to fund 40% (as opposed to 97%) of the SB 734 training expenditure requirement.

The Executive Director additionally mentioned that work2future had received a letter of concurrence from EDD stating that they support work2future's new service delivery model transitioning client services to the work2future Foundation.

ACTION: Approval of staff's proposed FY 2013-2014 work2future Program Operating Budget.

Motion: Jack Estill
Seconded: Bill Guthrie

ACTION: Approval of Budget Scenario I, proposed Alternative Service Delivery Model Adopted and Unique Services Agreement Approved.

Motion: Jack Estill
Seconded: Bill Guthrie
Opposed: Dr. David Matuszak

ACTION: Approval of Budget Scenario II, proposed Alternative Service Delivery Model Adopted and Unique Services Agreement Not Approved.

Motion: Jack Estill
Seconded: Steve Preminger

3. Clean Tech Demonstration Center

Doug Davenport, president of Prospect SV, provided a presentation on the Clean Tech Demonstration Center.

4. FY 2013-2014 Adult Workshop Funding

Board members Rashad Said and Rose Amador left the Board meeting and the facility prior to the discussion and vote on the Adult Workshop item, based on work2future's receipt of their signed declarations of Conflict of Interest relating to this item.

ACTION: Approval to allocate funding in the amount of \$600,000 for selected contractors to provide workshops for WIA Adults and Dislocated Workers.

Motion: Sue Koepp-Baker
Seconded: Denise Boland

5. FY 2013-2014 Youth Career Technical Trainers Funding

ACTION: Approval to allocate funding in the amount of \$292,627 for selected contractors to provide career technical training to WIA youth.

Motion: Steve Preminger
Seconded: Van Le
Abstained: Richard Friberg

6. FY 2013-2014 Youth Services Contractor Funding

ACTION: Approval to allocate funding in the amount of \$460,706 for Workforce Institute to provide WIA youth services.

Motion: Bill Guthrie
Seconded: Hermelinda Sapien

7. PY 2013-2017 work2future Local Plan

As part of the discussion of the By-laws changes needed for the Local Plan addressing the requirement to include the mandate for 15% labor representation on California WIBs, Steve Preminger remarked that the letter from labor had been provided based on the local labor federation's sensitivity to the balance of the WIB's membership, and not because labor had failed to nominate enough members.

ACTION: Approval of work2future's 5-Year Strategic Local Plan for Program Years 2013-2017, and approval of changes to work2future's Bylaws as required for submittal of work2future's Local Plan.

Motion: Bill Rocky Maddex

Seconded: Jack Estill

Abstaining: Janeen Dittrick

8. Health Care Study

Josh Williams of BW research provided a presentation on work2future's Health Care Study.

C. Set Items for Next Agenda

- **Budget Update**

D. Announcements

- **Executive Director:** The third annual Entrepreneurship and Innovation Conference was held on May 20, 2013.
- **Executive Director:** The Wounded Warrior Conference and Job Fair for veterans was held at the Rotunda at City Hall on May 31, 2013, with up to 250 veterans in attendance.

E. Next Board Meeting

The next Board meeting is scheduled for **Thursday, September 19, 2013** at 11:30 a.m. at work2future's Business Services and Administration facility, 5730 Chambertin Drive, San Jose, 95118.

V. PUBLIC COMMENT: There were no public comments.

VI. ADJOURNMENT: the meeting was adjourned at 1:26 p.m.