

Fox Valley Workforce Development Board
Local Elected Officials
May 30, 2012
Meeting Minutes - Public

LEOs Present: Mr. Barribeau, Mr. Harris, Mr. Buechel, Mr. Meyers (Green Lake LEO), Ms. Kalata (Waushara LEO) joined at 10:07 a.m.

LEOs absent: Mr. Nelson, Mr. Koeppen

Others Present: Mr. Hesse, Ms. Jusic, Mr. Friedl, Mr. Turner

Mr. Barribeau called the meeting to order at 10:00 a.m. and introductions were made.

Approval of Minutes (Action Item)

Mr. Harris made a motion to approve the November 16, 2012 meeting minutes. Mr. Buechel second. There was no discussion and the minutes were approved unanimously.

PY12 Draft Budget (Action Item)

Mr. Hesse distributed the PY12 draft budget for FVWDB. The budget reflects a roughly 30% cut due to Outagamie County leaving the consortium. WIA funds had additional cuts due to statewide reductions. There is some carry-in from PY11 to PY12 which helps the budget significantly, but does not compensate for the impact of all of the cuts. Internally, changes were made as a result of budget cuts such as youth programs through chambers, an assessment tool was eliminated, and other items. We are also looking at a part time CEO as a full time cannot be supported by the budget. Four individuals were already laid off; a fifth will be laid off at the end of June. Those remaining at FVWDB have had a 5% wage cut. Mr. Hesse went through the savings that FVWDB was able to make with the cuts of staff pay and layoffs, as well as savings with having a part time CEO. Mr. Buechel asked for clarification on having enough funds for a part time CEO. Mr. Hesse confirmed that the budget will support a half time CEO position with a base salary of \$83,000, giving roughly \$42,500 for the year for a part time CEO, wage only. Mr. Buechel asked if there is a possibility of FVWDB being able to hire a full time CEO and if there are other WDBs with part time CEOs. Mr. Hesse explained that most WDBs have full time CEOs and in the future it would be best to have a full time CEO but it is uncertain when this could happen. Mr. Friedl added that the budget is a living document until a final notification from DWD is received with respect to the exact amounts that we will have in funds when Outagamie County leaves the consortium. Total estimated impact of all reductions is over \$1 million. Mr. Harris asked how much of the staff layoffs and pay cuts have been reflected on the Administrative fund. Mr. Friedl explained this was mostly the CFO pay cut and the CEO time, and those laid off were mostly funded by program funds. One of the finance positions was also eliminated which saved some Administrative funds. Mr. Harris is concerned that the cost reductions did not impact the Administrative funds enough to offset the budget reductions. He also asked for an update on the building charges. Mr. Hesse explained that we can have federal grants reimburse about \$2,200 per month for the usage of the building, and about \$1,700 is paid from the corporate fund. DWD has informed FVWDB that even if this building is sold and is leased back to FVWDB, only \$2,200 will be reimbursable for rent payments, so the best option would be to sell the building at cost and move to a different building where rent would be more reimbursable. Mr. Friedl stated that FVWDB has shares in a company that if sold, could be used to pay additional building usage costs. Therefore, the best option could be to stay in the current building until we can find a buyer and a tenant that would give us a cash flow into the corporate account. Mr. Friedl explained there were costs other than staff time that would save administrative funds such as excluding consulting costs, having the CEO be part time, etc. Mr. Harris asked if the DOL findings can be concluded without using a consultant. Mr. Friedl and Mr. Hesse replied that FVWDB should be able to do this without outside assistance. Mr. Friedl added this will likely be resolved using stand in costs. Stand in costs for PY10 were verbally approved; we are waiting for a letter from DWD confirming this. FVWDB has more stand in costs in PY08 than in PY09, but allowing us to carry back stand in costs from PY10 to PY09, we should be in good shape regarding potential disallowed costs. Mr. Buechel asked if any of the past stand in costs could be carried forward. Mr. Friedl replied that DWD said stand in costs cannot be carried forward. Additionally, stand in costs cannot be used for a year that is still open, such as PY11. The only option for paying any disallowed costs for PY11 is to do so out of the corporate account. The vacation payout costs will be paid tomorrow and

are completely disallowed by DWD. Any remaining costs are to be paid by end of June. Mr. Harris asked if it is anticipated that any questioned costs would come up in PY12. Mr. Hesse said that this cannot be said with certainty however, none are anticipated as we have addressed (or are addressing) many of the issues from previous audits. Mr. Buechel asked how it would impact the corporate fund if we are not able to recover any funds from the former CEO. Mr. Friedl explained that no recovery was assumed in the corporate account budget. The building was further discussed and the potential options. Mr. Buechel asked if the remaining six counties agree to remain a consortium as this would be implied by approving the draft budget. He also expressed concern about finding a part time CEO. Mr. Hesse spoke with local chambers and other organizations asking for potential CEO candidates. The Executive committee discussed talking to a retired WDB CEO or contracting with one of the current directors of a similar size WDB. Mr. Friedl added that in the budget, there is an item for audit expenses that may change slightly, but we are looking at proposals from different firms for the PY11 single audit. Mr. Harris was concerned that if the LEOs approve the budget, this will close the possibility of moving as a group to a neighboring WDA. He added that Winnebago County will not move out of the consortium alone, but will only do so as a part of the group of six counties if they determine they are not viable to provide services as an independent WDA. Mr. Friedl suggested that if the group is to move to another area, the liability will still have to be resolved with DOL and DWD, so this may put the counties in an unfavorable position. It may be more prudent to remain as an organization and resolve the costs in the next one to two fiscal years. Mr. Turner added that the option to move to another area could still be considered in PY13 if the group decides so. Mr. Barribeau added that the option to reconsider is still there even if the budget is approved. Mr. Buechel also added that it would be best to remain a consortium for the next year and try to resolve these matters. Discussion continued on the situation with the remaining six counties and the difficulties of hiring a part time CEO, gaining the necessary scale to provide services, and how it would all be impacted by approving the budget today. Discussion ensued about the DOL and DWD monitoring, and the current separation of FVWDB and Workforce Economics.

Mr. Buechel made a motion to approve the Draft PY12 Budget as presented. Second by Mr. Meyer. There was no further discussion and the budget was approved unanimously.

The intent of the group is to stay together as a consortium and WDA for the next program year. The group discussed remaining in the current consortium and talking with DWD and Jim Golembeski to discuss other potential options.

Mr. Buechel made a motion to indicate that the immediate intent of the remaining six counties of the Fox Valley Workforce Development Area (Calumet, Fond du Lac, Green Lake, Waupaca, Waushara, Winnebago) is to remain as a body/consortium for the time being, but have the ability to explore other options. Ms. Kalata second. There was no further discussion and the motion was approved unanimously.

Mr. Meyer asked what would happen to the group if joined with Green Bay. Mr. Turner explained they would be part of a 17 county LEO group.

Board Membership Nomination/Approval and Matrix (Action Item)

Mr. Hesse explained the Board membership matrix and the organizations from which nominations must come for Board members depending on the categories represented. Individual county boards would not need to approve Board member appointments, only the LEO would have to agree. Mr. Hesse explained that there are two nomination / appointment forms used for members as there are slight differences between public and private representatives. Mr. Turner explained the forms in detail. Term limits were discussed and the by-laws state that members serve three year terms. Discussion ensued on nominations and where they can come from. Private sector nominations must come from business trade organizations or business organizations. Mr. Hesse explained that although there are no vacancies regarding sectors that must be represented, FVWDB would like to have representatives for those sectors where we are close to needing an additional person. Ms. Jusic will send each LEO the current Orientation Packet electronically so they can provide information to potential board members. There was discussion on clarifying examples of representatives for each of the mandatory categories. The LEOs agree to use the matrix and the forms presented and will recruit members to fill vacancies. No motion was necessary.

Follow-on Consortium Agreement and Joint Agreement language additions as suggested by DWD

The Consortium and Joint agreements were distributed with changes suggested by DWD. Approval process of the agreements was discussed and some of the counties may not have to take them back to full county board as the content does not change substantially. Any questions or feedback should be sent to Mr. Hesse and Ms. Jusic by June 6, 2012. Mr. Buechel will take agreements back to his county board as it is now six counties not seven. The group asked for clarification on page four of the Consortium Agreement and the meaning of 'the consent of all'; Mr. Hesse will ask DWD for clarification. The current understand is that each of the county board has to approve the vote by a majority for the agreement to terminate. Mr. Meyers asked for clarification on the liability section of the Consortium Agreement, and suggested that employees of FVWDB be indemnified. Discussion ensued about the insurance that FVWDB has. There was also discussion on the remainder of the liability section. Liability is ultimately with the counties as per WIA law, but this section ensures that steps are taken first before counties are liable. Ms. Jusic will add the word 'first' in the Liability section, letter D of both agreements. Discussion ensued about the difficulties of finding a part time CEO and someone with workforce development experience. Members of the Hiring committee and Mr. Hesse will seek out potential candidates.

Adjournment

Ms. Kalata made a motion to adjourn the meeting. Mr. Buechel second. There was no discussion and the meeting adjourned at 12:24 p.m.

Respectfully submitted,

Al Hesse