

**CareerSource Pinellas
Minutes of Executive Committee Meeting
12/05/2018**

Date: December 5, 2018 at 11:00am
Location: 13805 58th Street North, Clearwater, FL, 33760

Call to Order

Chairman Geller called the meeting to order at 11:00am.
There was a quorum present with the following Executive Committee members participating.

Committee Members in attendance

David Fetkenher, Jack Geller, Patricia Gerard, Michael Gliner (phone), John Howell, Karla Leavelle, Russell Leggette, Michael Meidel, Scott Wagman.

Committee Members not in attendance

Barclay Harless

Staff Present

Jennifer Brackney, Don Shepherd, Steven Meier, Luna Clarke, April Torregiante, Steven Blakey.

Board Counsel: Charles Harris – Trenam Law

Guest (s):

Whitney Creech - Office of Comm. Gerard

Chair's Report

1. The Chairman report was distributed at the meeting as the Newsletter handout.
2. Chairman Geller and Ms. Brackney met with Sheriff Gualtieri in November, to discuss matters concerning the two organizations, and form a new relationship with the leadership. The meeting was a very positive one and both parties look forward to working together again in the future.
3. CSPIN financial documents and records for the last three years need to be retrieved from Tampa Bay, to be available for review during the upcoming year's monitoring by DEO.

Action Items

1. Approval of Minutes

The minutes of the September 5, 2018 Executive Committee meeting were presented for approval.

Motion: Comm. Gerard

Second: David Fetkenher

*The minutes were approved as presented. **The motion carried unanimously.***

2. Approval of Training Vendor: American Red Cross – Nurse Assistant Program (ID# 5153)

The American Red Cross has a license from the Commission for Independent Education (CIE). Staff conducted a site visit on Thursday, 11.8.2018. CIE coordinates the gathering and analysis of student performance data with FETPIP.

Courses/Certificate/Diploma Programs

Program – Course # - Type of Degree or Certificate	Books & Supplies	Tuition & Fees	Total Cost	Duration Of Training	Completion Rate	Average Wage At Placement	Retention Rate
Nursing Assistant Certificate	Included	\$1,566	\$1,566	124 hours	93%	\$11	95%

- Training facility open for 4.5 years

- Total enrollments for prior year: 72
- Total Cost, Completion Rates and Average Wage at Placement for the program are comparable to other institutions that offer the same type of training

Motion: Comm. Gerard
 Second: Michael Meidel

*The Executive Committee recommends approval of The American Red Cross as a training vendor for LWDB 14. **The motion carried unanimously.***

3. Program Year 2018 – 2019 Budget Modification No. 2

Information:

Total budgeted revenue has increased from \$12,331,578 to \$13,093,764 for an overall increase of \$762,186. This is due to the following:

Workforce Innovation and Opportunity Act (WIOA) Programs:

Increase in WIOA Dislocated Worker Program of \$429,285
 Decrease in Community-Based Sector Strategies of \$5,460

Employment Services Programs:

Increase in Wagner-Peyser for PY 2017 of \$130,820
 Increase in Wagner-Peyser for PY 2018 of \$113,361
 Increase in Veterans Employment Program of \$63,396
 Increase in Trade Adjustment Assistance (TAA) of \$7,800

Direct Grants and Special Programs:

Increase in Able Trust grant of \$43,543
 Decrease in Re-employment Services Eligibility Assessment (RESEA) of \$20,559

Motion: Scott Wagman
 Second: Comm. Gerard

*The Executive Committee recommends approval of adjustments to the revenue budgets and resultant modifications to the expenditures budgets. **The motion carried unanimously.***

4. Annual Performance Evaluation Stipend

An annual performance evaluation is completed for each staff on a calendar year basis and is based on the employee's performance during the entire year. The evaluation procedure in place establishes a cost of living adjustment as the basis for any salary increase or one time performance stipend that may be awarded as a result of the performance evaluation. The Board has established in the past that staff may be provided a cost of living adjustment after taking into consideration the economic conditions in the area and the overall organization budget. The Consumer Price Index (CPI) has been the tool used by the Board for determining these economic conditions. Below is the CPI information from the Bureau of Labor Statistics website for the Tampa Bay area through the second half of 2017: *"The Consumer Price Index for All Urban Consumers (CPI-U) in the Tampa-St. Petersburg-Clearwater area rose 2.2 percent from the second half of 2016 to the second half of 2017, the U.S. Bureau of Labor Statistics reported today. Regional Commissioner Janet S. Rankin noted that the all items less food and energy index was up 2.0 percent compared to its second half 2016 level as price increases were noted for several categories, most notably shelter. Food prices increased 2.4 percent over the year and energy prices advanced 5.1 percent."*

For the past three years, after reviewing the CPI and the organization budget, management has recommended, and the Board has approved, a performance stipend payable in one lump sum in lieu of base salary increases.

Discussion

Ms. Leavelle proposed that a salary survey be conducted before June 2019, to determine the current market rates for professional positions available at CSPIN. This will ensure that salaries are still in line with current economic conditions and will determine if adjustments are needed. CareerSource will work with HR Edge Consulting to conduct a compensation and salary review. Findings and recommendations will be presented to the Committee for review by the established June deadline.

Employees should also be made aware of the reviews being conducted and of any potential changes for 2020, by the first quarter.

Motion: Comm. Gerard
Second: Scott Wagman

*The Executive Committee recommends that in lieu of base salary increases, staff be provided a performance stipend, payable in one lump sum following the completion of all annual performance evaluations around mid-December. The range for the one-time stipend would be from 0% to 5% of the employee's base salary determined by the individual's overall rating on his/her annual performance evaluation. **The motion carried unanimously.***

5. Employee Health Benefits and Stipend

In 2013, the Board of Directors approved for WorkNet Pinellas to (1) create a cafeteria style plan that offers full time employees the flexibility to select the benefits that best meet their needs and (2) provide a 28% benefit stipend for each employee to use to select from the various benefit options offered in the plan, including health insurance. It is the employee's choice whether to select a benefit or not and, if a benefit is selected, the level of coverage desired, including family coverage. If the cost of benefits selected exceeds the 28% stipend, the remaining premium cost is deducted from the employee's paycheck. In accordance with IRS guidelines, WorkNet Pinellas must include the entire 28% benefit stipend as wages on the employee's W-2. In addition to the increasing cost of health insurance coverage which impacts affordability under the ACA, providing a benefit stipend which must be included in the gross wages figure and not separately identified on the W-2 does not give WorkNet the ability to prove that it pays the cost of health insurance as is required under the ACA. Because of these two factors, WorkNet is now facing the possibility of significant fines as we cannot document and report that we offered health insurance coverage that meets the IRS definition of affordability. On Dec. 16, 2015 the IRS issued Notice 2015-87, which provides lengthy and complex guidance on how various provisions of the Affordable Care Act (ACA) apply to employer-provided health coverage. The Notice provides new guidance on the "employer mandate" rules (aka employer shared responsibility or "play-or-pay") and on employer flex credits. Included within this IRS notice was the clarification that employer flex credits (such as our benefit stipend) to a cafeteria plan that may be used either for health coverage, for other types of benefits (such as life insurance or dental care) or may be cashed out do NOT count toward the employee's share of the premium for employer-provided coverage, thus they do NOT reduce the dollar amount of the required contribution. As a result of this IRS notice, we have determined that our current benefit stipend arrangement does not meet the affordability requirement under Section 4980(b) of the Affordable Care Act thus creating potential exposure to fines/penalties from the IRS. The IRS Notice 2015-87 also notes that since regulatory guidance has been less than clear on the above types of payments, transition relief will apply for plan years 2015 and 2016 for flex credit arrangements that were adopted no later than December 16, 2015. This transition relief states that all flex credits for plan years 2015 and 2016 will count toward reducing the employee's required contribution, even if they may be used for non-health benefits or taken as cash. Staff met with the benefits consultant, Arthur Gallagher & Company, several times to discuss the benefit stipend and process, how the benefit stipend (employer flex credits) is impacted by the ACA, and potential options to bring the organization into compliance with the ACA. An action was presented to the Compensation Committee on June 1, 2016 recommending that effective July 1, 2016, WorkNet Pinellas should begin directly paying for the lowest cost minimal coverage health insurance (currently at \$5,175/year) for all full time eligible employees and reduce the 28% benefit stipend by the cost of that health insurance coverage. If an employee waives this offer of health insurance coverage, they will not be compensated for the cost of the coverage. It would also be necessary to conduct an open enrollment in June as a result of this qualified change. The Compensation Committee recommended and approved the following motion. "The compensation committee recommends to continue communicating with subject matter experts to prepare and alleviate any potential financial ramifications presented under the current IRS reporting regulations, prepare a one page explanation with matrix for the board, send a notice to all eligible staff notifying them of this situation and requiring them to advise us if they are receiving a health insurance premium tax credit/subsidy, creation of an Affordable Care Act Policy and to revisit this issue prior to benefit open enrollment in late fall 2016."

Attachments for reference

- CareerSource Pinellas and CareerSource Tampa Bay 2016 Staff Memo detailing the Affordable Care Act and CareerSource insurance coverage
- Affordable Care Act – Statement of Coverage
- 2019 Medical Coverage Current & Renewal for CareerSource Pinellas.

Discussion

Members recommended that CSPIN better utilizes the resources currently being spent on health benefits, to provide more robust options for health insurance to employees.

Motion: Scott Wagman
Second: Comm. Gerard

*The Executive Committee recommends that current benefit stipend of 28% be divided into two parts, as follows, to fit within the IRS guidance regarding ACA's applicable "affordability" limits on employee payments for healthcare. **This motion carried unanimously.***

Part 1 – Cost of Basic Health Coverage for Employee

Part 1 would be the EXACT COST, for a single employee, of the basic (bronze level) coverage that CareerSource offers its employees. This basic coverage must meet all the ACA requirements applicable to CareerSource, including its being "minimum essential coverage" and its having "minimum value." Employees would be offered Part 1 on an all or nothing basis. Those who elected the coverage would get the coverage, and those who waived it would get the dollar amount that the coverage would have cost, but ONLY if they demonstrated proof that they had actual alternative coverage.

Part 2 – Balance of 28% of Compensation Amount

Part 2 for a participant would be 28% of that participant's compensation minus the amount of Part 1. The dollar amount resulting from this formula would need to be computed for each participant. The participant can use the Part 2 amount for anything other than Basic Health Coverage – dental, vision, the upgrade cost for the Platinum Health coverage, coverage for the participant's spouse and/or children, a health FSA, whatever the cafeteria plan offers. Since Part 1 fully covers the cost of the Basic coverage, which is the only coverage to which the affordability rules apply, there should be no concern about fitting Part 2 to the affordability rules.

All the above must operate under CareerSource's Section 125 cafeteria plan. The operation of these choices must be clearly set forth in CareerSource's cafeteria plan documents. Also, if there is a "wrap" plan for your health plans, it must be clearly set forth in those documents. It seems likely that amendments may be needed to both documents to make these choices clear.

6. Recommendations from the Science Center Committee

Loan: Effective December 12, 2014, a business loan was obtained for the principal amount of \$700,000 with an interest at a rate of 4.650% per annum based on a year of 360 days. The proceeds of the loan were used to pay-off the remaining principal and interest of the mortgage payable existing at June 30, 2014. The payment terms require 59 regular payments of \$4,511 each and one irregular payment of \$585,710. The final payment will be due on December 10, 2019, and will be for all principal and all accrued interest not yet paid.

As of December 1, 2018, the current balance on the Science Center property is \$611,477. The current note-holding financial institution has offered the option to refinance for 15 years, at a 4% fixed rate. In addition, there is an equipment debt of \$44,926.

Programs: The Science Center location offers services to customers in various capacities, including a general resource room in which job-seekers have access to computers to conduct searches. The center also offers special services such as Veterans Services, Welfare Transition Program, SNAP assistance and much more. Additionally, the center hosts the various CareerREADY programs, such as soldering, construction, mechatronics and robotics, as well as hospitality certifications. The Science Center is also a credentialed post-secondary Technical Training Center that specializes in preparation for the CompTIA Cyber security. The center also offers several services to youth, including STEM camps, STEM extension trips to Pinellas County Schools, Tampa Bay YouthBuild and WIOA Youth.

Inspection: At the approval of the Board, the Science Center was inspected on August 29, 2018 by National Property Inspections and several points were identified as concerns including electrical, roofing and HVAC. Many of these issues are being addressed as a result. Pinellas County Electric has conducted the electrical repairs recommended by the inspectors. Staff has cleared the debris on the roof and roof repairs have been done to address the leaking areas. Johnson Controls has replaced the HVAC air filters and the expansion valves were quoted at \$10,000. Staff is currently completing the plumbing work necessary to repair any leaks. In addition, there are several outstanding fire inspection issues that need to be addressed. Pest Control is also being addressed at the Tyrone location. Orkin is the contracted provider and service was started on October 23, 2018.

Appraisal: At the approval of the Board, an appraisal of the Science Center of Pinellas property located in St. Petersburg, FL, was conducted in September 2018 by Tod Marr & Associates, LLC (Real Estate Appraisers & Consultants) with a final report submitted on October 5, 2018. The conclusion of the appraisal is as follows: "Based on the available market data and following analysis, our opinion of the as is market value of the fee simple interest of the subject, as of the effective date of September 28, 2018, is estimated at \$3,150,000".

Covenant: The Science Center Asset Purchase Agreement restricts how proceeds from the sale of the property can be spent. The document stipulates the following:

4.3 Post Closing Covenants. *Buyer covenants and agrees that in the event Buyer determines to sell the Real Property post-closing due to continuing operating losses related to the Business, Buyer shall place excess funds remaining after the satisfaction of all obligations and liabilities related to the Business, including any reserve set aside to satisfy unknown liability as determined by Buyer, into a trust account to support STEM education.*

Science Center Committee: On November 29, 2018, Science Center Committee members debated the future of the Science Center property, and whether CSPIN should continue to own the building. One suggestion was to convert the building into a community center, taking into account its attractions, such as the White Gardens, Planetarium, 600-gallon Touch Tank and Iguana Sanctuary. Were the location to be sold, there is also an opportunity for CareerSource Pinellas to serve the population in other areas of Pinellas County. The Committee further discussed the services provided to customers at the Science Center location, and how they fit into the mission of the organization. Members who have served on the committee over the years made the case that training programs were added at the location at the directive of state officials, because many disadvantaged job-seekers did not have access to formal educational institutions. At this time, Department of Economic Opportunity (DEO) would like to see a continued focus on sector strategy training programs. However, the preference seems to be for vendors to provide the training, rather than training being done in-house. It was noted that case management and wrap-around services would continue for students enrolled in training. As a result, Cybersecurity will transition to SPC in January 2019. Certain pre-vocational programs, such as soldering and mechatronics classes present an opportunity to partner with local training providers and colleges, to teach students accordingly. Other programs such as MOS certifications and other services offered in the resource room could re-locate to another center and continue to be provided to customers. It was also noted that several field trips have been reserved by Pinellas County Schools, to bring students on STEM field trips, and that those obligations should be met. However, the STEM camps would continue through the end of the calendar year (December 2018).

Motion: Comm. Gerard

Second: David Fetkenher

- *The Executive Committee recommends continuing STEM activities conducted at the Science Center, until the end of the program year (June 2019) or until the Science Center building is sold. **This motion carried unanimously.***

Motion: Comm. Gerard

Second: Karla Leavelle

- *The Executive Committee recommends that CareerSource Pinellas endeavors to sell the Science Center property, subject to compliance with all contractual obligations transactions. **This motion carried unanimously.***

Discussion: Subject to Board approval of the above recommendations, the Executive Committee will evaluate the next steps in the sale process and will approve for an RFP to be released, to acquire a listing agent for the property.

Other Administrative Matters

None

Information Items

1. Eligible Training Provider Policy

At the request of the Board of Directors on September 18, 2018, staff was charged with conducting research and providing a report of the best practices of other workforce boards regarding the policy and criteria used to approve training providers. At this meeting, the Board voted unanimously to table Southern Technical College as a training vendor in order for the requested research to be compiled and reviewed by the Board. CareerSource Florida Administrative Policy No. 90: WIOA Eligible Training Providers List allows for additional criteria to be established by the local workforce development board. Following is an excerpt taken from this policy: *“Per WIOA Section 122(b)(3), a Local Board, through local policy, may establish additional criteria and required information for program eligibility within its Local Area. This may include setting required levels of performance as criteria for training providers (and their programs) to become or remain eligible to provide training services programs in that Local Board’s particular Local Area.* “The results of the findings on eligible training provider policies and best practices from other regions were provided. Training providers’ accreditation data from CIE and COE are given for a 5-year cycle, with an annual update report. All training providers currently accredited by the two entities should be able to provide their accreditation information, as this information is kept annually. The most recent FETPIP data available is from year 2016. Staff will gather accreditation information from current training providers and provide at the next committee meeting. The accreditation data obtained from CIE and COE will be used as a benchmark to evaluate whether or not an institution should be considered for approval by the LWDB as a training provider.

2. National Association of Workforce Boards (NAWB) Forum

NAWB represents approximately 550 Workforce Development Boards and their 12,000+ business members that coordinate and leverage workforce strategies with education and economic development stakeholders within their local communities, to ensure that state and local workforce development and job training programs meet the needs of employers. These investments in workforce development create a comprehensive system to provide America with a highly skilled workforce that competes in the global economy. NAWB is the only association that advocates for Workforce Development Boards. They work closely with policy makers in Washington, DC to inform national strategy as it relates to WDBs and their partners in education, economic development, labor and business. The Association hosts an annual forum in Washington D.C. that brings together leaders of business, labor, education, policymakers and other workforce stakeholders from across the country. The 2019 forum will be held in March, as follows:

2019 Forum

March 23 – 26, 2019

The Washington Hilton: 1919 Connecticut Avenue, Washington DC

Applicable costs:

Forum Registration: \$800 thru Nov 9th

\$925 after Nov 10th

Hotel: \$317/night (plus applicable fees & taxes)

Airline: \$300 - \$400 (estimate)

In anticipation of the high attendance, 8 registrations have been pre-filled for LWDB 14. In the past, board members have been invited to attend this conference as well as leadership staff. Registration, hotel and flight costs will be incurred by CSPIN.

3. Financial Summary

The financial summary report was provided in the meeting packet. Through October 31, 2018, CareerSource Pinellas has expended approximately 16% of its 2018-2019 budgets.

Committee Reports

Ad Hoc Review Committee: The newly formed Ad Hoc Review Committee will host its preliminary meeting on December 12th at 1:00pm (immediately following the Board meeting). This committee will review the recommended changes to the Interlocal Agreement with Pinellas County, as well as the CSPIN by-laws. The members are: Bill Apple, Jack Geller, Commissioner Gerard, Mark Hunt and Mike Meidel.

Compensation Committee: The Compensation Committee met on 11/28 to discuss the Employee Performance Stipend, as well as the Health Benefits Stipend. Those two items were discussed once again this morning. The Committee will meet again today at Noon, to discuss the evaluate Jennifer Brackney's performance for the year 2018 and establish goals for her to meet as the CEO in the coming year 2019.

Finance Committee: The Finance Committee met on 11/27 and approved the 2nd Budget Modification for the PY 2018-2019. This item was also discussed at today's meeting. The Committee also discussed how the events of this year might have affected the organization's ability to expend its grant dollars in a proactive way. The Committee requested that the financial activities of the organization be presented from a cost allocation perspective to the Board of Directors. The next Finance meeting is January 29, 2019.

Workforce Solutions Committee: The Workforce Solutions Committee met on 11/13 and approved the American Red Cross as its newest Training Provider. The Committee also discussed the Training Provider Policy and requested that staff gather accreditation information on all current training providers doing business with the organization. The next meeting is scheduled for February 12, 2019.

One-Stop Committee: The One Stop Committee met on 11/15. A representative from Kaiser Group, our new one-stop operator, participated in the meeting and discussed their role within the organization. Kaiser Group will provide 3rd party monitoring ahead of State monitoring to ensure that CSPIN is in compliance. As the operator, they will also maintain linkage between all one-stop partners and oversee our customer satisfaction initiatives. In October 2018, CSPIN ranked 6th in the Governor's Placement report, with 1,020 placements. Next meeting is February 21, 2019.

Science Center Committee: The Committee met on 11/29 and discussed the future of the Science Center property. Some members were in favor of keeping the property and converting it into a community center, given all its current attractions, while others advocated for selling the property. The Committee came to a consensus and voted to endeavor to sell the center. However, STEM-E field trips will continue until the end of the program year, to satisfy our current obligations with Pinellas County Schools. The next meeting is scheduled for February 28, 2019.

CEO's Report

- CSPIN recently hired a new business services director who will be present at the next board meeting.
- Organizational staffing plan will be to put together a viable successful plan for current employees and fill some key positions in management.
- Employee performance evaluations will be completed by mid-December.
- We will have a sponsored meet-and-greet luncheon after the next BOD meeting, to include center supervisors and program coordinators.

Public Comments

None.

Open Discussion

- Board members asked that a report on the employer survey be provided at an upcoming meeting, and Jennifer Brackney recommended that employers be invited to join the meetings to provide live testimonials.
- Results on all prior investigations are still pending. The Board will be kept updated.

Adjournment

The meeting adjourned at approximately 11:56 am.