

WORKFORCE CONNECTIONS
LOCAL ELECTED OFFICIALS CONSORTIUM
MINUTES

Tuesday, October 14, 2014
1:00 p.m.

Workforce Connections
Bronze Conference Room
6330 W. Charleston Blvd., Suite 150
Las Vegas, NV 89146

Members Present

Commissioner Lawrence Weekly
Commissioner Ralph Keyes (phone)
Councilwoman Gerri Schroder
Commissioner Butch Borasky
Councilman Bob Beers
Councilwoman Peggy Leavitt

Members Absent

Councilwoman Anita Wood
Commissioner Adam Katschke

Staff Present

Ardell Galbreth	Heather DeSart	Suzanne Potter	Jaime Cruz
Ricardo Villalobos	Brett Miller	Jack McClelland	Kenadie Cobbin-Richardson
Shawonda Nance	Byron Goynes	Clentine January	MaryAnn Avendano
LeRoy Bilal	Jeannie Kuennen		

Others Present

Michael Oh, Legal Counsel	Hannah Brown, Board Vice Chair
Carol Turner, CST Project Consulting LLC	Dr. Tiffany Tyler, Nevada Partners, Inc.
Jan Pieri, Prism Global Mgmt./WC Consultant	Eloiza Martinez, LCCCF
Lynda Parven, DETR	Hal Bingham, DETR
Robert Ramsland, LCCCF	Irene Bustamante Adams, LCCCF

1. CALL TO ORDER, confirmation of posting, roll call, Pledge of Allegiance

The meeting was called to order by Chair Commissioner Lawrence Weekly at 1:12 p.m. Staff confirmed the meeting had been properly posted in accordance with the Nevada Open Meeting Law. Roll call was taken and a quorum was present.

2. DISCUSSION AND POSSIBLE ACTION: Approve the Agenda with inclusions of any emergency items and deletion of any items

A motion was made to approve the agenda by Councilwoman Gerri Schroder and seconded by Councilwoman Peggy Leavitt. Motion carried.

3. FIRST PUBLIC COMMENT SESSION:

None

4. DISCUSSION AND POSSIBLE ACTION: Approve the Local Elected Officials Consortium minutes of September 9, 2014

Chair Weekly presented the minutes on page 6-11 of the agenda packet.

A motion was made to approve the Local Elected Officials Consortium minutes of September 9, 2014 by Councilwoman Peggy Leavitt and seconded by Councilwoman Gerri Schroder. Motion carried.

5. DISCUSSION AND POSSIBLE ACTION: Approve New Board Member Applications:

Chair Weekly presented board applications for Cecilia Maldonado and Jerrie Merritt on page 13 and 21 respectively.

- a. Cecilia Maldonado, Associate Professor/Workforce Development, UNLV
Category: Education (2 year term)
- b. Jerrie Merritt, Senior Vice President, Bank of Nevada
Category: Business (3 year term)

A motion was made to approve Board member applications for Cecilia Maldonado and Jerrie Merritt as presented by Councilwoman Gerri Schroder and seconded by Commissioner Butch Borasky. Motion carried.

6. DISCUSSION AND POSSIBLE ACTION: Review, discuss, amend and approve Executive Director's Employment Contract and approve salary adjustment

Michael Oh, Legal Counsel stated that the amended contract with the salary increase should have been presented to the LEOs with this agenda item. Rather than table this item for a later date, Mr. Oh recommended that if the LEOs grant a salary increase today, the increase be reflected in the amended contract and the LEOs may authorize the Board Chair to sign the amended contract with the LEO approved changes.

The LEOs discussed salary amounts. Commissioners Borasky and Keyes and Councilman Beers were favorable to a 3% increase. Councilwoman Schroder and Commissioner Weekly felt that Mr. Galbreth was underpaid and were in favor of the executive director's request for a base annual salary of \$150,000. Overall, the LEOs agreed that Mr. Galbreth's performance is excellent. After some discussion, Commissioner Weekly made a motion to increase the executive director's base salary to \$150,000 per year. The motion failed (2 yea Weekly, Schroder and 4 nay Keyes, Beers, Borasky, and Leavitt). Councilman Beers made a motion to increase the executive director's base salary to \$133,900. The motion failed (2 yea Keyes, Borasky and 3 nay Schroder, Leavitt, and Weekly). Councilwoman Schroder made a motion to increase the executive director's salary by \$10,000. The motion failed (2 yea Schroder, Leavitt and 3 nay s Keyes, Borasky, and Beers). Mr. Galbreth stated for the record that his current salary is \$132,804. Councilman Beers inquired about the PERS increase and to what extent the legislature can impose the new rules for PERS increases on organizations. Legal counsel stated that organizations, such as WC can choose to pay for the increase, which is what WC is doing. Mr. Galbreth concurred. Councilman Beers made a motion to authorize the Board Chairman to act in accordance with this motion to sign a revision to the employment contract for Ardell Galbreth and increase the compensation level to \$135,000, seconded by Commissioner Keyes. The motion failed (3 yea Beers, Keyes and Borasky and 3 nay Schroder, Leavitt, and Weekly). Councilman Beers suggested tabling this agenda item until the next meeting (January 2015) and requested a report from legal counsel on the status of PERS regarding the new rules by the legislature requiring increases in PERS to be split 50/50 with the employees

and the employer. Councilwoman Leavitt requested that the salary increase approved by the LEOs in January be retroactive to today's date.

A motion to table this item until the next LEO Consortium meeting in January 2015 at which time the LEOs will receive a report from legal counsel on the PERS state law issue and the amount of the salary increase the LEOs agree on will be retroactive to today was made by Councilman Bob Beers seconded by Councilwoman Peggy Leavitt. Motion carried (unanimously).

7. DISCUSSION AND POSSIBLE ACTION: Pros and Cons – Converting Nevada JobConnect offices to One-Stop Career Centers with Workforce Connections' oversight ~ DETR's Deputy Director, Dennis Perea and Workforce Connections' Executive Director, Ardell Galbreth

Dennis Perea highlighted the following:

- Under WIOA, the Governor may add more mandatory members to the One-Stop in addition to the already mandated members
- Clients need to receive top quality service and access to all of the programs and activities at all JobConnect and/or One-Stop locations
- The Southern Nevada Workforce Investment Area is in compliance with the current One-Stop Career Center
- Premature to move forward before DOL determines regulation for One-Stops under WIOA

Jaime Cruz, Chief Strategy Officer, Workforce Development provided an overview of the pros and cons document on page 36 of the agenda packet and highlighted the following:

- Pro: converting JobConnect offices to comprehensive One-Stop Career Centers would ensure compliance with the law
- Pro: clients will receive the best service available
- Con: increased costs

Ardell Galbreth highlighted the following:

- Executed MOUs between WC and DETR will make the JobConnect offices One-Stop Career Centers
- Under WIA, a One-Stop Career Center operator can be procured through a competitive RFP process or a Consortium can be appointed by the LEO Consortium and Board. Under WIOA, the LEO Consortium and Board will not have that option and the One-Stop operator must be procured through an RFP process, unless a waiver is granted (Mr. Perea stated that it is unlikely that DOL will entertain any waiver requests on the current system based on conversations held).
- Converting the JobConnects would increase the workload for WC and require additional staff
- WC would monitor JobConnect offices converted to One-Stops and DETR/WISS monitors WC
- Clients will receive better and more of an array of services

- Current services providers may receive less resources for serving clients

Commissioner Borasky encouraged Mr. Perea to come to Nye County to have this discussion locally.

Mr. Perea offered to come back to this board with different scenarios for improving the current one-stop delivery system under WIOA regulation. Mr. Perea announced that newly appointed DETR Director Don Soderberg worked his first day yesterday at DETR.

Heather DeSart, Deputy Executive Director reported the following WIOA key implementation dates received at the recent DOL Roundtable in San Francisco:

- January 1, 2015: Final WIOA regulation to be published
- July 1, 2015: WIOA rollout in its very earliest implementation; WIBs tasked with freethinking and implementation.
- July 1, 2016: WIBs will be held accountable to regulations and common measures under WIOA

Kenadie Cobbin Richardson, Director, Business Engagement stated that DOL included innovation in the law because they expect WIBs to be innovative and not implement a cookie cutter version of a program around the country. Ms. Richardson stated that the 245 attendees at the Roundtable were very excited about the opportunity to align a program that really does make a difference. DOL wants the first year to be a year of lessons learned so that in July 2016 WIBs are not fumbling over each other to make it happen.

Discussion ensued regarding next steps. Chair Weekly suggested forming a committee to draft a plan to discuss when WIOA regulation is defined. Chair Weekly, Councilman Beers and Councilwoman Leavitt volunteered to sit on the committee as well as the Executive Director, Deputy Executive Director, WC staff appointed by the Executive Director, Dennis Perea, DETR staff, and a DOL representative to be determined by Mr. Perea.

A motion to form a committee consisting of Workforce Connections' Executive Director Ardell Galbreth and appointed staff, DETR's Interim Director Dennis Perea and appointed staff as well as Commissioner Weekly, Councilman Beers and Councilwoman Leavitt, designed to look at the alignment of DETR and Workforce Connections in 2015-2016 and beyond was made by Councilman Bob Beers and seconded by Councilwoman Peggy Leavitt. Motion carried.

8. DISCUSSION AND POSSIBLE ACTION: Receive DETR Deputy Director's report regarding Workforce Connections' contract with CST Project Consulting LLC and direct staff accordingly

Mr. Perea provided a report and highlighted the following:

- DETR denied the WC's request to extend the CST Project Consulting LLC contract because DETR believes there are potential issues due to compensation limits for employees written in the Workforce Investment Act.
- DETR does not have an issue with the work quality and/or services of CST Project Consulting.
- DETR is concerned regarding compensation limits due to Carol Turner's retirement status as a PERS retiree

- DETR and WC agreed that the CST Project Consulting LLC contract would be short term and temporary for the purpose of cleaning up WC's books and audit
- WC released an RFP process for a project consultant to re-award contract; RFP process may bring the CST Project Consulting LLC contract back into legal alignment
- If DETR approves the CST Project Consulting LLC contract, DETR will be accountable for any audit finding regarding this contract
- If the LEO Consortium acknowledges and understands the potential issues and assumes liability of the CST Project Consulting LLC contract, DETR will definitely consider approving the contract

Councilman Beers requested Mr. Perea to provide the LEOs a document describing the salary limits and legal ramifications for review by the jurisdictions' legal counsel; Mr. Perea concurred.

Mr. Galbreth stated that the level two salary limit (\$179,900) is the salary amount not to be exceeded by the Executive Director or any staff member and read the following from the U.S. Code Title 5 Section 5313:

Such funds to pay the salary and business of an individual either as direct or indirect costs has a rate not to exceed the annual rate of the base pay described in executive level two of the executive schedule

Mr. Galbreth stated that Ms. Turner is currently working with staff member Brett Miller on a number of items and he is requesting a contract extension of CST Project Consulting LLC contract to fulfill the needs of this agency as well as the Executive Director. WC released an RFP for a project consultant but the two proposals received unfortunately did not provide the skills and services WC needs. Mr. Galbreth further stated that the CST Project Consulting LLC contract ends on January 1, 2015, and must be approved by DETR before it is presented to the LEOs for approval. WC sends contracts to DETR for approval as an internal process put into place to ensure contracts are in compliance with all rules and regulations. Mr. Galbreth stated that this agenda item was to inform the LEOs of DETR's and WC's concerns, and further stated that the LEOs have the authority to approve the contract today for CST Project Consulting LLC. Discussion ensued.

Mr. Perea agreed to provide the LEOs a one or two page synopsis of DETR's position. Councilman Beers requested that the synopsis address the legal citation Mr. Galbreth read regarding salary limits; Mr. Perea concurred.

A motion was made to extend CST Project Consulting LLC contract to January 31, 2015 while the issue is resolved by Councilman Bob Beers and seconded by Commissioner Butch Borasky. Motion carried.

9. INFORMATION: Strategic Initiatives Update

Jaime Cruz, Chief Strategy Officer presented the Strategic Initiatives Update of September 23, 2014 provided on page 39 of the agenda packet.

10. DISCUSSION AND POSSIBLE ACTION: Accept and approve Executive Director's Report ~ Ardell Galbreth

Mr. Galbreth presented the Executive Director's Report on page 41 of the agenda packet and briefed the board regarding Latin Chamber of Commerce Community Foundation's (LCCCF) fiscal challenges.

Eloiza Martinez, Co-President, LCCCF made the following report:

1. LCCCF has not had a resident accountant since April 2014
 - a. Interim accountant was hired but fell sick
 - b. Hired an experienced WIA accountant during the last week of July 2014
 - c. Discovered during this fiscal year program closeout of June, 20, 2014 program year, which is called the hard closeout
2. Researched and advised the Latin Chamber of Commerce (LCC) board and staff
 - a. WIA funding had been used to sponsor various LCC activities
 - b. Historic board minutes verify that funding was owed to the LCCCF in some instances funds owed had been forgiven by past board members and/or senior staff
 - c. A \$50,000 line of credit had been incorrectly set up to automatically draft interest and principal payments from the LCCCF WIA bank account
3. Action taken to remedy and ensure that this does not happen again by the LCC staff:
 - a. A detailed accounting briefing was prepared and presented to the LCC and LCCCF boards
 - b. Discussed how/what we did wrong and corrective actions. Both LCC and LCCCF boards reached an agreement to make whole the identified WIA funding shortfalls. An equity draw will be initiated with the LCC owned building to replenish funds
 - c. Brief WIA staff on discovery, complete ownership and plan to make WIA funding whole
4. Timeline to repair financial irregularities – estimated to be completed by the first week of November 2014
 - a. LCC building appraisal was contracted and initiated on October 6, 2014
 - b. Verbal value will be received on or before October 14 estimated to be \$1.4 million. Today, received verbal report that building is valued at \$1.49 Million – a low number pending written report
 - c. Formal appraisal goes to lending agency to substantiate equity draw
5. Summary
 - a. LCCCF program management and service delivery to the community has never been in question or an issue; LCCCF historically meets or exceeds all required program goals.
 - i. LCCCF took full ownership and self-disclosed financial irregularities to senior WIA staff
 - b. Plan to remedy and prevent this from happening again
 - i. Hired senior accountant with WIA specific experience
 - ii. Full financial restitution is being completed to refund any WIA shortfalls
 - iii. Will have complete separation of physical accounting streams and books between LCC and LCCCF
 - iv. Previous finance staff is gone – starting fresh

Legal Counsel deemed it appropriate for the LEOs to ask questions regarding this portion of the Executive Director's Report.

Councilman Beers inquired about the total amount due to WC and the details of what happened. Robert Ramsland, Financial Manager, LCCCF stated that the amount due is \$106,000, which LCCCF expects to pay back by the third week of November, and explained that there was one set of accountants handling funds for both the LCC and the LCCCF and there was an exchange of monies going in between LCC and LCCCF. Ms. Martinez reiterated that these accountants were terminated. Mr. Ramsland continued that the shortfall became evident during the hard close out for the June 2014 program year when LCCCF had invoices/payables and had no money in the bank account. LCCCF researched further and found the shortfall.

Mary Ann Avendano, Sr. Financial Analyst reported that staff went onsite at LCCCF when the matter was brought to WC's attention and validated what LCCCF found, which was basically a combination of debts that were forgiven, charitable contributions that were made, and interest expenses on the line of credit that were unbillable that caused this shortfall. Ms. Avendano stated that when the loans were forgiven and the charitable contributions were made, there was not enough unrestricted funding to cover those costs, so in effect, WIA advanced cash was used to cover those expenses. When it was time to do the hard closeout, WC had reimbursed cash for all of the accruals that were in LCCCF's system and approximately \$105,000, which we validated, was not paid; there was no funding left to pay for that because of the cash that was put out for unbillable, unallowable expenses. Addressing LCCCF's previous fiscal issues, Ms. Avendano stated that a year ago there were several issues in play, of which two were resolved: 1. initially not all of LCCCF's allowable expenses incurred were billed to WC and 2. LCCCF had grants from other community/government agencies that took three to six months to pay the receivables, and because of that there was a cash crunch for those reimbursements to come in for those grants. It is combination of these two issues that caused the previous issue and it allowed for that situation to be resolved when the receivables came in and LCCCF was able to go back and bill WC for expenses that had not previously been billed. Ms. Avendano reported that LCCCF owes WC money for the expenses that WC reimbursed; accruals that were in the system that WC issued cash payments for that LCCCF did not pay. Ms. Avendano clarified that at this time, LCCCF has accruals or bills in their system that WC has reimbursed for through the invoice process, and LCCCF does not have the cash to pay these bills. Therefore, LCCCF would pay these bills and that would make the expenses allowable but they do not have the cash to do that until they receive reimbursement from the chamber. Ms. Avendano stated that currently, there could be a debt established because as of now WC has reimbursed for expenses that have not been paid, so technically a debt could be established until the expenses are paid off. Ms. Avendano added that WC staff did not uncover any evidence of unallowable expenses billed to WC.

Councilwoman Schroder inquired about the fiscal staff for LCC and LCCCF. Ms. Martinez replied that there will be a fiscal staff for LCC separate from LCCCF and reiterated that the previous staff is gone.

Legal counsel advised the LEOs to hold any investigative questioning for a future meeting until the matter can be properly agendized.

Mr. Galbreth stated that WC is providing technical assistance and LCCCF staff is aware of what needs to be done and have put in place corrective action measures to rectify the situation.

Councilman Beers stated that he is deeply concerned that this problem has not been addressed and WC is being falsely presented that the issues have been addressed, and he requested staff to explain possible disallowed costs. Ms. Avendano stated that WC staff validated \$67,000 in accruals through

June 30, 2014 that were reimbursed for and not paid and there is an additional amount owed up to about \$105,000 that if the full amount is not received this issue will reoccur. Ms. Avendano added that \$67,000 would bring LCCCF current – satisfy those obligations for those prior contracts - according to the closeouts for last year, but the issue will reoccur at closeout for next year if an additional \$55,000 is not received. This issue stretched from 2009 through 2014, which is part of the reason WC believed the issue was resolved last year, but the issued continued because it was an ongoing debt forgiveness and charitable contributions in recent periods that further contributed to the issue reoccurring. So, at this time, the actual disallowed amount is \$67,000 but LCCCF would not have enough cash to closeout this year if they do not get the additional \$50,000 (approximate). If WC was to do a hard closeout tomorrow, LCCCF would be \$105,000 short. Discussion ensued.

A motion was made to accept and approve the Executive Director's Report by Councilwoman Gerri Schroder and seconded by Commissioner Butch Borasky. Motion carried.

11. SECOND PUBLIC COMMENT SESSION:

None

12. INFORMATION: LEO Consortium Member Comments

None

13. ACTION: Adjournment

The meeting adjourned at 3:01 p.m.