

DETROIT WORKFORCE DEVELOPMENT BOARD

DRAFT MINUTES
DESC Corporation Board Meeting
Detroit Workforce Development Board
Friday, February 22, 2013

Time: 8:30 a.m. – 10:00 a.m.
Location: 455 West Fort Street, 4th Floor, Room 403
Facilitating: Cal Sharp, Chairman

Members Present: Cal Sharp, George Swan III, David Carroll, Art Dudley, Larry Steward, Saunteel Jenkins, Al Nelson, Kenyetta Bridges
Members Absent: Veronica Madrigal, Alice Thompson, John Harris
Staff Present: Pamela Moore, Robert Shimkoski, Stephanie Nixon, Alessia Baker-Giles, Kristin Bailey, L'Tanya Clegg
Guests: Alison Vaughn, Jackets for Jobs; Doug Cotter, Grant Associates

PROCEEDINGS

The meeting of the Detroit Employment Solutions Corporation Board (hereby known as “the Corporation Board”) was called to order at 8:55 a.m. by Member George Swan.

Member George Swan welcomed everyone to the first meeting of the Corporation Board for 2013 and asked everyone to introduce themselves. Member Swan stated that dialogue should take place within this group as to whether Corporation Board meetings are subject to the Open Meetings Act.

Member Swan explained that this Board has the opportunity to lay the foundation for the pathway that will be pursued through Detroit Employment Solutions Corporation (DESC). For the benefit of new members, Member Swan explained that the Corporation Board is the administrative, fiscal and operational arm for the Policy Board. It is important to understand that the Corporation Board’s responsibility is different than a public board, explaining that this Board has an obligation to the citizens of Detroit to assure that funds received are used wisely and also has the responsibility for the public side regarding public dollars as well as a new responsibility for private dollars that could come in. Member Swan thanked members for accepting the challenge.

APPROVAL OF DRAFT AGENDA & DRAFT MINUTES OF OCTOBER 23, 2012

A motion was made by Member Al Nelson to approve the agenda of February 22, 2013, supported by Member Art Dudley. Motion Carried. A motion was made by Member Nelson to approve the minutes of November 30, 2012 with necessary amendments: 1) Each action item should stipulate whether item passed unanimously; and 2) Under the “Legal Services Consultant” motion, the word “contingency” should be replaced with “condition.” Supported by Member Dudley. Motion Carried.

ONE STOP REPORT

Mr. Doug Cotter, Vice President of Grant Associates, stated it has been seven months and they have seen a lot of progress in that time. Over 1,200 individuals have been placed in jobs, averaging \$11.00 per hour. Some of the areas in which they are experiencing success are manufacturing, food service, retail and health care. Detroit

Equal Opportunity Employer/Program
Funded by The Michigan Department of Licensing & Regulatory Affairs
Workforce Development Agency
Auxiliary Aids and Services Available Upon Request to Individuals With Disabilities

Dave Bing, Mayor

Manufacturing Systems (DMS) is hiring over 500 individuals and to date Grant Associates has over 200 individuals hired with them with a retention rate at about 90%.

Some areas that DMS is looking at in its relationship with Grant Associates are: 1) soft skills (particularly training with customer service); 2) customized training for some of their skilled positions; and 3) working with DMS's current workforce.

Grant Associates now has a Special Populations Unit where they focus on returning citizens, veterans, and persons with disabilities. Michigan Rehabilitation Services (MRS) is on site with Grant Associates and is working closely with them. They will convene a veterans meeting within the next couple of weeks with other providers in the city that work with veterans with a focus on getting veterans into available positions and on a training track.

Meijer will be opening new locations and will be hiring over 700 individuals. Member Swan is going with Grant Associates to meet with Meijer.

Given the three One Stop Centers, Member Swan asked how DESC accommodates the northwest side of the city of Detroit. Mr. Cotter explained that Grant Associates is aware of the gap in services and will be utilizing the mobile unit to reach under-served individuals. Member Swan asked this question because one of the main employment districts is located there so it is important that DESC has a presence in that area.

Member Nelson stated that in the future it would help board members if they were given a written narrative explaining where DESC is with respect to "connecting the dots" and asked about DESC's efforts in getting the word out about DESC's services. Mr. Cotter replied that the following are in the works: 1) DESC's new Communications Manager, Robin Johnston, will help in this area; 2) Grant Associates has a group of about fifteen Business Managers who work on outreach initiatives; 3) DESC was previously waiting on a brand. Now that the brand is in place, more work can be done. Discussion continued regarding skilled individuals that are currently unemployed or underemployed and how DESC reaches out and lets them know that the company can assist them.

Member Saunteel Jenkins asked whether Grant Associates, when it speaks with employers, has a special approach with asking employers about hiring special populations. Mr. Cotter explained that Grant Associates does have a special approach and they also make employers aware of the added value to them (saving time and money in addition to incentives available to employers that hire these individuals). Member David Carroll recommended being more aggressive by calling and meeting with businesses, letting them know what DESC is and what it does. Going forward, members have requested: 1) A written narrative that describes number of placements per month; 2) To know where gaps are and what is being done to address them; 3) A document that shows whether DESC is on track to achieve mandated state goals; and 4) Receipt attached to emails going out to the Board. Member Nelson envisions DESC's system being so accurate that employers will reach out to DESC and want the organization to take over the process of training and hiring for them.

DETROIT EMPLOYMENT SOLUTIONS CORPORATION's CEO REPORT

An ex-offender-focused grant from the Department of Justice was initially granted to the city of Detroit. DESC has asked that the grant be transferred to DESC and is currently waiting for the transfer to happen. DESC has a list of employers that specifically hire ex-offenders.

There are veteran representatives from the State of Michigan's Veterans Services at each facility. Once an individual identifies himself or herself as a veteran, they are referred to Veterans Services first who then works closely with the One Stop to assure that veterans receive the services they need. Member Swan noted that the

Department of Defense's Veterans Affairs Unit indicated that Detroit is one of the largest populations of veterans in the state, stating that it is significant to have veteran representatives here to assist with the millions of people who will be returning since this will be a large population to work with.

Ms. Moore expressed that DESC has been busy over the past seven months as the transition was done literally overnight and has been working to stabilize operations. She explained that Grant Associates really did not begin placing people until September or October since those first two months were more about staffing and preparing to take on the challenge. Ms. Moore stated Grant Associates is doing a great job and has numerous leads they are working on. She believes that placements will be great by June.

Budget

Regarding the 2013 budget, Ms. Moore shared that about 40% of the budget has been expended with startup. During startup operations, fiscal tracking was done manually as the financial system was not yet in place. DESC is currently underspent in training and will release an RFP within the next couple of weeks to train CNC Operators, IT positions and machinists to expend some of the dollars yet to spend.

Staffing and Benefits

DESC is currently at 32 FTEs (full-time employees) and will be hiring four more individuals and will then be mostly set. Ms. Becky Eloby-Edwards comes to DESC from American Society of Employers, the professional employer organization DESC works with that assisted DESC through the transition in 2012. Ms. Eloby-Edwards is DESC's Human Resource Consultant and has been valuable. Ms. Eloby-Edwards will be coming on board as of March 1, 2013.

Blue Cross/Blue Shield's rates increased by 43%. As a result, DESC is currently reviewing other packages. The burden was distributed with DESC absorbing some of the cost and some passing on to employees by way of higher deductibles.

Projects

The financial software is now in place. Mr. Tom Diehl, DESC's Financial Consultant, was a great help to the company's Finance Team on policies and procedures. In addition, he has developed Fiscal Monitoring Guides to be used during subcontractor visits. Staff completed two of five on-site reviews in January for all providers. The five monitoring components are: Procurement, Financial Reporting, Audit & Audit Monitoring, Cost Allocation & Allowable Costs, and Budgeting & Internal Controls.

DESC now has to procure all goods and services, with the large one being leases on facilities for which DESC will release an RFP within the next month. Member Carroll questioned whether DESC is working with a realtor and offered his assistance in this area. Discussion continued pertaining to buildings and leases.

RFPs

Member Kenyetta Bridges questioned whether all RFPs have been released, stating that DEGC is launching a new database called "D to D" that connects Detroit buyers with suppliers in order to get more business for the city of Detroit. Member Bridges wants to make sure these RFPs are advertised on this database so that Detroit companies can bid on the work. Ms. Moore assured her that DESC will follow up on this and thanked Member Bridges for the helpful information.

Internal Audit

Ms. Moore stated there was an internal audit which revealed partial allocations to providers and inaccurate projections (by providers) which resulted in unspent dollars. The partial allocation was a DESC oversight based on

the manual system that staff was utilizing at the time. It was unfortunate that the dollars were returned to the state, and the errors are unacceptable. DESC will not be penalized for returning these dollars, but in the future dollars returned will be deducted from the next allocation.

External Audit

DESC is still involved in the City of Detroit's audit. City Council asked the Auditor General to review the appointment of DESC as the administrative/fiscal agent. The review was completed in December and no major areas of concern were revealed. DESC has not received a copy of the report to the Council. Ms. Moore received a call from the City's Inspector General's Office on February 20th requesting transition background information and they were referred to the City's Auditor General.

Strategic Plan

DESC is still working with consultant Mr. Larry Good from Corporation for a Skilled Workforce. Members should have received the draft PowerPoint presentation of the Strategic Plan. The Strategic Planning Committee met and discussed the plan and it was presented at the Education and Youth Advisory Council Meeting. The Council gave it great reviews and added suggestions of what they would like to see in the plan. The plan will also be discussed at the upcoming Policy Board Meeting on March 15, 2013. The communications piece of the plan plays a big part in getting the word out about DESC.

Leveraging Resources

DESC leadership met with DTE Foundation leadership and presented background information and outcome data on DESC's year-round youth program. DTE was very interested in the data component and long-established employer partners that work with DESC's youth providers to offer meaningful work experiences. The City plans to grant DESC at least \$250K for summer employment from the \$10M Ford Motor Company Fund donation. This is DESC's second year receiving the donation.

The IRS is in receipt of all documentation requested and should be on track for the reinstatement of DESC's Private Foundation status. DESC eagerly awaits a response. Approval will allow the company to seek funds.

Infrastructure Jobs

Planning meetings are taking place with the Governor's office and the Workforce Development Agency (WDA) to address meeting the talent demand for the tens of thousands of jobs coming to Detroit within the next 3-10 years. WDA has recommended that DESC take the lead for the city of Detroit, and will serve as the single point of entry for employer and talent services, resources, data, recruitment and training. These jobs will come for the bridge and the M1 Rail projects.

Detroit Future City

Ms. Moore reported that she met with George Jackson and talked about Detroit Future City. Mr. Jackson has slated DESC as the lead for workforce for Detroit Future City. Ms. Moore and Mr. Jackson discussed the seven hubs and alignment with DESC One Stop centers.

PATH

In PATH (Partnerships, Accountability, Training, Hope), formerly the JET program, the average work participation currently is 42.52%. The goal remains 50%+. It is DESC's hope that the new 21-day assessment period will increase work participation rates as those unable to work will no longer be included in outcome numbers. The Michigan Department of Human Services' new Pathways to Poverty initiative is requiring that DESC make available workforce services inside assigned schools. This unfunded mandate will be a challenge, but DESC will comply and

provide staff in each school (84 total) one half day each week. The state hopes changes they have made will bring the numbers up.

Year-Round Youth Program (YRYP)

Ms. Moore reported that exciting partnerships are happening. DESC is working with the State's Educational Achievement Authority (EAA) to gather approximately 300 disconnected youth (week of February 25th) and enroll them into EAA schools in order to complete requirements to receive their high school diplomas. In September, DESC will partner with EAA, Wayne County Community College District (WC3D) and create career and technical training programs which includes 11th and 12th graders earning 60 college credits, work readiness and paid internships with employers in high-growth, high-demand industries. DESC is partnering with Black Family Development to duplicate the model in Osborn and Western High Schools in the fall. Corporation for a Skilled Workforce (CSW) will review key program documents, interview staff and providers and compare DESC to national leading practices, identify options and recommendations and assist with drafting a vision paper which describes the services network that DESC plans to build. DESC is hopeful that innovative proposals are received for the next program year. The YRYP RFP was released on February 19, 2013.

AUDIT/FINANCE COMMITTEE RECOMMENDING APPROVAL OF:

1) Procurement Policy Modification; 2) Vendor for Auditing Services; 3) Vendor for IT/Internet/Voice Data; and 4) Vendor for Leased Copier and Services.

David Carroll, Chair of the Audit and Finance Committee, and Robert Shimkoski, Planning Manager at Detroit Employment Solutions Corporation, reviewed committee-approved recommendations. A motion was made by Member Nelson to approve the Audit and Finance Committee Recommendations, supported by Member Swan. Motion Carried.

Mr. Shimkoski explained the state has requested a change in the language in the Procurement Policy, stating staff is already following the procedures but this request is to approve modification of the language. A motion was made by Member Swan to approve the Procurement Policy Modification, supported by Member Nelson. Motion Carried.

With no further business to come before the Detroit Employment Solutions Corporation Board, the meeting was adjourned at 10:11 a.m.

Prepared by L'Tanya Clegg