



## WORKFORCE DEVELOPMENT COUNCIL

317 West Main Street, Boise, Idaho 83735-0510

### EXECUTIVE COMMITTEE MEETING MINUTES

**Date:** Wednesday, January 9, 2019  
**Time:** 3:00 p.m. – 5:00 p.m.  
**Location:** Idaho Department of Labor  
3 West Conference Room  
317 W. Main Street  
Boise, ID 83735  
Teleconference  
Call In: 1-720-279-0026  
Guest Passcode: 470642

**Meeting Conducted By:** Trent Clark, Chairman

**Council Committee Members:** Trent Clark, BJ Swanson, Jeff McCray, ~~John Young~~, Deni Hoehne

**Guests:** Joe Maloney

**Staff:** Matt Thomsen, Paige Nielebeck, Wendi Secrist, Caty Solace, William Burt

**Call to Order at 3:03 pm**

**Roll Call – Quorum Met**

**Review Agenda** – No changes to the agenda

#### **Approve Minutes – December 19, 2018**

The section in the minutes that discusses having all grants coming through the Executive Committee could be enhanced a little bit. Ms. Hoehne provided edited text to replace the entire section that discusses this subject.

The edits help ensure a sense of transparency on how the Executive Committee came to this decision and it also clarifies how the Executive Committee came to a decision to request the Governor appoint a Labor representative to the Executive Committee.

**Motion by Ms. Swanson to approve the minutes. Second by Mr. McCray.**

**Motion by Ms. Hoehne to amend the minutes with the edited language. Second by Ms. Swanson. Motion carried to amend the minutes.**



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Motion carried to approve the amended minutes.

### Budget Update

#### IDAHO WORKFORCE DEVELOPMENT COUNCIL FINANCIAL REPORT AS OF DECEMBER 31, 2018

WORKFORCE DEVELOPMENT COUNCIL OPERATING BUDGET				
STATE EXPENDITURE CATEGORY	TOTAL BEGINNING BUDGET	TOTAL YTD Spent	TOTAL YTD Spent %	TOTAL ENDING BALANCE
Salary	\$ 338,593.04	\$ 160,887.47	47.5%	\$ 177,705.57
Benefits	\$ 133,106.96	\$ 57,442.39	43.2%	\$ 75,664.57
<b>PERSONNEL</b>	<b>\$ 471,700.00</b>	<b>\$ 218,329.86</b>	<b>46.3%</b>	<b>\$ 253,370.14</b>
Administrative Services & Supplies	\$ 5,171.00	\$ 2,480.49	48.0%	\$ 2,690.51
Communication Costs	\$ 7,500.00	\$ 1,378.12	18.4%	\$ 6,121.88
Computer Services & Supplies	\$ 22,100.00	\$ 7,799.89	35.3%	\$ 14,300.11
Employee Development Costs	\$ 8,500.00	\$ 7,899.09	92.9% <sup>1</sup>	\$ 600.91
Employee Travel Costs	\$ 46,000.00	\$ 10,348.51	22.5%	\$ 35,651.49
General & Professional Services	\$ 377,200.00	\$ 117,604.02	31.2%	\$ 259,595.98
Miscellaneous Expenditures	\$ 47,629.00	\$ 11,383.69	23.9%	\$ 36,245.31
Rentals & Operating Leases	\$ 4,200.00	\$ 2,471.70	58.9%	\$ 1,728.30
Repair & Maintenance Services & Supplies	\$ 1,600.00	\$ 2,599.82	162.5%	\$ (999.82)
<b>OPERATING</b>	<b>\$ 519,900.00</b>	<b>\$ 163,965.33</b>	<b>31.5%</b>	<b>\$ 355,934.67</b>
<b>Grand Total</b>	<b>\$ 991,600.00</b>	<b>\$ 382,295.19</b>	<b>38.6%</b>	<b>\$ 609,304.81</b>
		<b>% OF YR ELAPSED</b>	<b>50.0%</b>	
STATE EXPENDITURE CATEGORY	TOTAL BEGINNING BUDGET	TOTAL YTD Spent	TOTAL YTD Spent %	TOTAL ENDING BALANCE
<b>TRUSTEE AND BENEFITS (REIMBURSEMENTS)</b>	<b>\$ 7,561,500.00</b>	<b>\$ 1,815,316.20</b>	<b>24.0%</b>	<b>\$ 6,961,687.41</b>

WDTF Financial Summary	
WDTF Cash Balance 01/02/19	\$17,784,777.34
Obligated Employer Grants	\$6,583,997.28
Obligated Industry Sector Grants	\$1,492,441.50
Obligated Innovation Grants	\$45,259.15
FY 19 WDTF Admin Costs	\$519,043.71
<b>WDTF Obligated Balance</b>	<b>\$8,640,741.64</b>
<b>Unobligated Balance</b>	<b>\$9,144,035.70</b>
Proposals Under Review	\$1,883,392.78
<b>Unobligated Balance if all funded</b>	<b>\$7,260,642.92</b>

<sup>1</sup> \$3,675 of this amount was reimbursed from Idaho Department of Labor for 1/2 of NGA dues, but is included in Revenue and is not shown here.



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We are closing out the grants that are past their end date. They are given 60 days past the end date to submit for reimbursement for any training that occurred before the end date. A few of the grants are past the 60-day extension. Grantees tend to only expend 2/3 of the funds given to them. Moving forward we are encouraging employers only to apply for the funds they think they will expend. Typically employers are creating their training plan before they are sure of what they are going to spend or even if they have the capacity to do all the training in 2 years.

There have been many requests from grantees to back date the contracts. Staff requests that Executive Committee weigh in on this issue. This could help with the 1/3 of the grant being left on the table.

- Back dating to when the project started would definitely be helpful to some of the businesses. Businesses are not able to sit idly while waiting for the application process to move along. They need to be training employees.
- A good starting place would be back to only date the contract to when the application was received.

Ms. Secrist reviewed a handout that will be provided to Legislators during Ms. Secrist's JFAC presentation. Please see attached document.

### **Industry Sector Grant – College of Eastern Idaho**

The proposed project is the creation of a dedicated cyber teaching facility to expand the educational opportunities in cyber careers including programming for degree attainment, technical certifications, and public/private partnerships. CEI expects to train over 1,000 individuals during the grant period.

Government organizations including Idaho National Laboratory, Department of National & Homeland Security and the FBI, medium sized employers with a significant online transactional presence like Melaleuca's Global Headquarters, and small regional financial institutions like Bank of Idaho are all in need of resources for hiring and upskilling their current and future workforce.

To achieve this end, College of Eastern Idaho has optioned to purchase a 6,000 square foot former retail building located adjacent to the campus with the intention of creating a "Cyber Center". The \$750,000 requested through this grant would be used to fund the renovation and classroom equipment needed to turn the former retail building into an educational facility, designed specifically to support multiple use cyber related programs including cybersecurity, networking, advanced computer training, and additionally, K-12 STEM outreach.

### **WDTF Request: \$750,000**

#### ***Grant Review Committee Recap***

*College of Eastern Idaho is requesting a total amount of \$750,000. They are anticipating training 1,000 people through this grant.*

*Is the \$270,000 included in the \$480,000 for the renovations?*



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- *No they are requesting the \$270,000 and the \$480,000. They are paying \$500,000 for the building. This could be argued to be a more cost effective way than purchasing a new building.*

*Is there a match for this grant?*

- *It is coming from CEI.*
- *They did not note in their budget that INL donated a super computer to this project as well.*

*They provided an average of a wage increase because the cybersecurity training adds quite a bit to the wage increase.*

***Motion by Senator Stennett to approve the College of Eastern Idaho Industry Sector Grant in the amount of \$750,000. Second by Ms. Meuleman. Motion carried.***

Does the Grant Review Committee have a spreadsheet that shows the scoring for these applications?

- We do not have scoring currently set up for Innovation or Sector grants. After the Council meeting tomorrow there should be progress made on creating a scoring matrix for Innovation and Sector grants.

What is the number of people being trained?

- CEI has committed that over a 1,000 people will be trained over the 3-year period.
- They also view this as an asset for STEM (summer camps, etc.). This asset will be in very high demand.
- In 2018 they saw a 30% increase in people enrolling in cybersecurity programs.
- They will have to show us that they trained 1,000 individuals. If they did not meet that 1,000 number, the next time CEI applies for a grant it will not be looked at positively.

Are we just expanding the courses offered by CEI and still charging the same tuition? This grant is just paying for an expansion of their facility.

- They are unable to complete the training without the facility.
- The board of trustees for the community colleges set the tuition rates. They cannot raise the cost of the tuition arbitrarily.

If we say yes to this grant does this open the door for other entities to apply for the same thing?

- ISU is also going through an expansion to renovate a building to house their Tech courses. The Committee has to be prepared to support all of the other postsecondary institutions if they are going to apply for expansions if the grant is approved. This is going to set a precedent.

Do we have a "but for" requirement for our grants?

- We currently do not have this as a requirement.
- This is something to certainly consider. It would require entities to provide how the project is going to enable them to do something they were not able to do otherwise.



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- This could be part of submitting the grant that the applicant signs that they are not receiving any additional funding and the project would not move forward "but for" this grant.

**Motion by Mr. McCray to approve the College of Eastern Idaho Industry Sector Grant in the amount of \$750,000. Second by Ms. Swanson.**

This is a great program, it enhances wages, and provides the training that is needed in that region. There is some concern with the precedent surrounding the Council funding the building expansion and how the Legislature will see this decision. However, the building and the equipment is as important as the curriculum. You are unable to train people without those items.

**Motion carried.**

### Employer Grant – Unitech

Unitech has onboarded 27 new employees in the past six weeks and expects to bring on Over 100 additional personnel over the next 2 years. This growth is good news for our state and raises the bar for the advancement of technology-based industry in North Idaho. The planned training program utilizes a combination of dedicated SOJT with classroom training in composite fundamentals, safety, workplace ethics, and new industry technologies.

**WDTF Request: \$822,337**

#### **Grant Review Committee Recap**

*At the last meeting the Committee requested the application be returned to Unitech and a new budget created that fits within \$2,000 per job and to focus on high wage jobs and transferrable skill sets. Their original request was \$1,654,680.*

*Unitech revised their budget and the new request amount is \$822,337. This comes out to about \$1,953.29 per position.*

*Is this the first training fund grant Unitech has received?*

- *They received a \$400,000 employer grant in 2011*

**Motion by Ms. Meuleman to approve the Unitech Employer Grant in the amount of \$822,337. Second by Mr. Touchstone. Motion carried.**

**Motion by Ms. Swanson to approve the Unitech Employer Grant in the amount of \$822,337. Second by Mr. McCray.**

How many employees do they have in Idaho and how long have they been in business?

- They have 108 employees. They have been filing articles of incorporation since 1980.



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- This would be their second employer grant.

How did they perform in their other employer grant?

- We do not have a record of their previous performance on the grant. We only have the amount that they were awarded.

Are the certificates they are receiving coming from the company?

- Some of the certifications are industry certifications. When the Department of Labor is scoring the applications, they look at it training by training. The points are weighted based on the type of training it is (they came in with Industry Certification and SOJT's).

The Grant Review Committee and the Policy Committee at the January 10 Council Meeting will be discussing the funding model for these grants. There is some concern with not all of the certifications in this grant being more widely accepted industry certifications. This is being addressed at the meeting and will be helpful in developing policy.

**Motion carried.**

### **Employer Grant – Idaho Milk**

Due to the increased capacity levels needed to properly service our customers an expansion has been approved by our board to meet such needs. Because of that expansion Idaho Milk foresees a need to increase its workforce by an estimated 25% to effectively service the new production/sales/clerical departments' increase in work activities as projected per our executive team.

Also, with the increased production levels there may be a possibility for a new product using the Micellar process once the expansion is complete. With a 2.5% unemployment rate in our valley our resources are limited to acquire and maintain a knowledgeable workforce and so we hoping to provide all new hires and current employees with the necessary tools to effectively perform their jobs and further enhance their job skills for possible future promotions.

### **WDTF Request: 110,987.75**

#### ***Grant Review Committee Recap***

*At the last meeting the Committee requested that the application be returned to Idaho Milk and resubmit a budget that fits within \$2,999.97 and expand on the wage increases. Their original request was \$819,455.*

*Idaho Milk has revised their budget and the new request amount is \$110,987.75. This comes out to about \$2,999.67 per position. To address the committee's concern of no wage increases for some positions, Idaho Milk wrote a letter indicating that they do pay above the average county wage to recruit the best*



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*employees and offer them PTO and other benefits. They are investing \$7 million in facilities and \$20 million in equipment. They are making a big investment in this expansion.*

*Our state does have an oversupply of milk to any place we can offer relief is beneficial to Idaho. Is a janitor position normally something we fund?*

- *We have funded training for janitors in the past.*
- *How does funding this training fit into the goals of the WDTF?*
  - *We do not have any specific requirements that says occupations that are being funded have to be on the In-Demand Occupations list. The Policy Committee is exploring the option of adding this as a qualitative measure in the grant review process. This is part of a broader conversation that needs to happen between the two committees.*
  - *It is still up to the Committee to decide what is correct to fund and what is not correct to fund until a policy is put in place.*

***Motion by Ms. Meuleman to approve the Idaho Milk Employer Grant in the amount of \$110,987.75. Second by Ms. Smyser. Motion carried.***

**Motion by Ms. Swanson to approve the Idaho Milk Employer Grant in the amount of \$110,987.75. Second by Mr. McCray. Motion carried.**

### **Employer Grant – NewCold**

The skillset achieved by Seventy (70) NewCold Burley employees following this training is highly sought-after within the cold storage and logistics services industry. Both Americold and VersaCold, the largest cold storage providers worldwide, have recently followed NewCold in creating automated cold storage warehouses in the United States for their clients.

NewCold has established an Implementation Team, comprised of sixteen (16) Tacoma-based employees. The Implementation Team will spend time learning operations and processes in Tacoma, where the company just opened another state-of-the-art warehouse. The team will also develop trainings and learn train-the-trainer techniques while in Tacoma, making several trips to Burley to train the Burley-based Operational Team, which consists of seventy (70) trainees.

The Burley Operational Team will also train and work in Tacoma. Depending on role, trainees will spend between two (2) and eleven (11) weeks in Tacoma. The Burley Operational Team trainees will learn core-functions of the business, software, client-specific services, standard operating procedures, safety training, and role specific training (e.g., forklift driver training, planner training).

**WDTF Request: \$139,930**

***Grant Review Committee Recap***



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*NewCold is requesting an amount of \$139,930 to train 70 employees. This comes out to \$1,999 per position. They have a property investment of \$40 million, facility investment of \$20 million, and equipment investment of \$43 million. They are offering an average wage of about 40% higher than the average county wage. This explains why there is no wage increase after training.*

*Is there any issue that this is a new company to Idaho?*

- *The policy committee has expressed that they want to keep this opportunity open, but it is not the primary use of the fund.*

***Motion by Mr. Touchstone to approve the NewCold Employer Grant in the amount of \$139,930. Second by Ms. Meuleman. Motion carried.***

Mr. McCray has recused himself from the vote due to a partnership between McCain Foods and NewCold.

NewCold explains in the application that the technology is new and they are on the forefront of using this technology. This is why most of these certifications are specific to NewCold.

Would this pass a "but for" statement?

- They did have to write a "but for" statement for Commerce's tax incentive program stating why they were able to move to Idaho using the program.

**Motion by Ms. Swanson to approve the NewCold Employer Grant in the amount of \$139,930. Second by Ms. Hoehne. Motion carried.**

### **Employer Grant – Aviation Specialty Unlimited**

As our company portfolio grows, so do our training requirements. We are now expanding into offering worldwide shipboard operations for Scenic Cruises and are the aviation services provider of record for their new ship, the Scenic Eclipse. As this new portion of our business grows, our team needs to learn skills and gain certifications they do not have to this point. This includes certification on the maintenance and repair of additional aircraft as well as flight training on additional aircraft.

The team will also need to understand and gain certifications for overwater travel with guests and their rescue in the event of accident as this is all new to ASU. All these certifications are transferrable. This new program alone has created 6 jobs so far and we are very likely to hire more for this project over the next 2 years.

We are also beginning to manufacture night vision systems at our company headquarters in Boise. These systems have not had a significant redesign in over 20 years and ASU has begun the prototyping process and the qualification process to build our own significantly improved Night Vision Goggle system, which will be built in Idaho. This will require investment into our facility and workforce training for our manufacturing, logistics and sales teams.



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ASU has also just won a prototype contract with the Air Force for development of a new flight helmet. If we can win this contract, we will again be hiring and planning to assemble the thousands of new Air Force helmets in Idaho. In short, our business is strong, and we continue to seek out new talent and are discovering that we can also develop internal talent to meet the greater needs of tomorrow. Help from the Idaho Workforce Development Council will accelerate our ability to meet the needs our new projects and contracts will create.

### **WDTF Request: 60,138.03**

#### ***Grant Review Committee Recap***

*Aviation Specialty Unlimited is requesting an amount of \$60,138.03 to train 20 employees. This comes out to \$3,000 per position. There is a significant wage increase with this training.*

***Motion by Mayor Widmyer to approve the Aviation Specialty Unlimited Employer Grant in the amount of \$60,138.03. Second by Senator Stennett. Motion carried.***

**Motion by Ms. Swanson to approve the Aviation Specialty Unlimited Employer Grant in the amount of \$60,138. Second by Mr. McCray.**

They currently have 61 employees. Some of the certifications are industry recognized certifications, but not all of them are. Some of them are specific to Aviation Specialty Unlimited (internal certifications).

**Motion carried.**

#### **Review Final Agenda for January 10, 2019 Council Meeting**

At the meeting there will be a discussion on the Executive Committee making the decision to review all grant applications that come from the Grant Review Committee. It is important for the Council to feel that this was a well thought out decision. It is helping to ensure that all grants are getting reviewed on a level playing field. With council members changing, council members missing meetings, and proxy's being used for council members who are missing meeting it is hard to say that all grants are being looked at equally. Grant review also takes up a lot of time during the meetings. The Council has strategic work that needs to be addressed. The Grant Review Committee is expected to do the hard-work of vetting applications. It is then the job of the Executive Committee to review the decisions and ensure that they are meeting policy requirements.

Ms. Secrist briefly went over the agenda for the January 10 Council meeting.

Tomorrow the Council may be asked to adopt the Legislative Priorities document pending the review of the Governor, or if we receive the final version from the Governor this evening to adopt that document. We want to ensure the document aligns with the Governor's priorities.

**Motion by Mr. McCray to adjourn. Second by Ms. Hoehne. Motion carried.**

C.L. "BUTCH" OTTER  
GOVERNOR



Trent Clark  
*Chair*

B. J. Swanson  
*Vice Chair*

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**Adjourned at 4:53 pm**