AGENDA

1. Call to Order and Introductions

2. Public Comment – Agenda Items

3. Approval of Minutes
   a. November 28, 2016  Action Required
   b. December 7, 2016  Action Required

4. ACSET Governing Board Election of Chair and Vice-Chairperson
   Melanie White, ACSET Staff Attorney  Action Required

5. Report on Financial Activities
   a. Presentation of the Audited Financial Statements
      Bill Tucker, Abraham & Gaffney, P.C.  Action Required
   b. Renewal of Line of Credit
      Brenda Isenhart, ACSET Chief Financial Officer  Action Required
   c. ACSET Financial Report- Notes to December 2016 Board Financials
      Brenda Isenhart  Information Item

6. Offender Success Program
   Angie Barksdale, WMW Chief Operating Officer  Information Item

7. Report on Administrative Activities
   a. ACSET Personnel Actions Report
      Laura Krist, ACSET Human Resource Director  Information Item
   b. ACSET Operations Staffing
      Laura Krist  Information Item
   c. Request to Update Staffing chart
      Laura Krist  Action Required
   d. ACSET Chief Executive Officer (CEO) Performance Evaluation
      Laura Krist  Information Item

8. Barry County, Michigan Works! Service Center
   Jacob Maas, ACSET Chief Executive Officer  Information Item
9. Community Action Agency (CAA) Reorganization Update  
   *Jacob Maas*

10. ACSET Governing Board Orientations  
    *Jacob Maas*

11. Other Business

12. Public Comment

13. Adjournment

Next Scheduled ACSET Governing Board Meeting:  
Monday, February 27, 2017
ACSET GOVERNING BOARD MEETING
Monday • November 28, 2016 • 8:30 AM
Kent County Administration Building • Room 311 • 300 Monroe Avenue NW, Grand Rapids, MI 49503

MINUTES

GB Members Present: Commissioners Stolsonburg, Calley, Allen, Baumann, Bergman, Chivis, Lnear, De Young, Mahoney, Mast, Sabo, Thiele

GB Members Absent: Commissioners Mast, Retzloff

ACSET Staff Present: Jacob Maas, Brenda Isenhart, Laura Krist, Janette Monroe

Guests Present: Robert Stone (Smith, Haughey, Rice and Roegge), Larry Tiejema (Ionia County Commissioner), Sara Vander Werff (City of Grand Rapids Comptroller),

1. Call to Order, Chairperson Craig Stolsonburg at 8:30 a.m.

2. Public Comment – Agenda Items- None

3. Approval of the October 24, 2016 Minutes
   Motion- Com. Bergman
   Supported- Com. Baumann
   Item approved by vote- Motion carried

4. Report on Financial Activities
   a. ACSET Financial Report- Notes to July 2016 Board Financials
      Brenda Isenhart, ACSET Chief Financial Officer, reviewed ACSET’s 2016 Board Financials, Statement of Revenue and Expenditures for the first month ending October 31, 2016. Brenda answered board members’ questions.

5. Report on Administrative Activities
   a. ACSET Operations Staffing
      Laura Krist, ACSET Human Resource Director, reported that ACSET WMW currently has 152 positions of 179 filled and two temporary positions filled.
   b. ACSET Personnel Actions Report
      Laura Krist reported that there have been five (5) separations, two (2) appointments, one (1) promotion.

6. Closed Session Request: Union Negotiations SEIU Local 517 M and Chief Executive Officer Contract and Performance
   Jacob Maas requested a closed door session to discuss Union Negotiations and CEO contract.

   Motion- Com. Allen
   Supported- Com. Lenear
   Roll call taken: 12 out of 14 members present
Yays: Com. De Young, Stolsonburg, Calley, Chivis, Mast, Mahoney, Sabo, Baumann, Bergman, Allen, Lenear
Nays: Com. Thiele

Commissioner Thiele inquired if the Chief Executive Officer Contract could be discussed in closed session. Janette Monroe, ACSET Executive Assistant, reviewed with the board the Open Meetings Act (OMA) Section 15.268 (a) (Closed sessions; permissible purposes).
Commissioner Lenear noted that at the last meeting, there was discussion around the performance evaluations of the CEO. Lenear stated that she felt this agenda item is permissible to discuss in closed session.

Jacob Maas stated that he felt that discussion on his performance should be discussed in closed session and elements of his contract can be discussed in open session. Jacob noted that this typically has been done with the Chairpersons. At this time, Jacob only requested the closed session as in regards to his performance. Brief discussion among board members took place.

Roll call taken again: 12 out of 14 members present
Yays: Com. De Young, Thiele, Stolsonburg, Calley, Chivis, Mast, Mahoney, Sabo, Baumann, Bergman, Allen, Lenear
Nays: None
12 out of 14 members voted affirmatively. Item approved by vote- Motion carried

The meeting was brought back to open session at 9:57 a.m. by Chairperson Stolsonburg.

7. Approval of the Closed Session Minutes
Chairperson Stolsonburg requested a motion to approve all three closed session minutes if there was no further discussion.
   a. August 22, 2016 Union Negotiations SEIU Local 517 Minutes Action Required
   b. October 24, 2016 Chief Executive Officer Performance/Contract Minutes Action Required
   c. November 28, 2016 Closed Session Minutes Action Required
   
   Motion- Com. Thiele
   Supported- Com. Allen
   Item approved by vote- Motion carried

8. SEIU Local 517 M Contracts Approval (Supervisory/Non-Supervisory) Action Required
   Motion- Com. Bergman
   Supported- Com. Mahoney
   Item approved by vote- Motion carried

9. Chief Executive Officer (CEO) Contract Approval Action Required
The ACSET CEO Evaluation and proposed contract were provided to the ACSET Governing Board for discussion. Based on prior closed session review of performance and current contract, the following revised contract provisions were established:

   1. Section 4A. Salary: Mr. Maas shall be paid an annual salary of One Hundred Forty Thousand Dollars ($140,000) beginning February 11, 2017, for his services as Chief Executive Officer of ACSET. On February 11, 2018, and on the anniversary date of each...
subsequent year of any extensions of this Agreement, until February 11, 2021, Mr. Maas shall be paid an annual salary increase of Ten Thousand Dollars ($10,000).”

2. Section 4B. Annual Leave and Fringe Benefits: Mr. Maas shall be granted two hundred and “twenty-four (224) hours” and “In lieu of unused credited annual leave, a cash payment not to exceed the equivalent of two hundred (200) hours shall be made to Mr. Maas” (or his estate) upon termination without cause pursuant to Section 7, or termination of this Agreement pursuant to Sections 8 or 9”, unless ACSET or a successor organization, and Mr. Maas enter into another employment contract.

3. Section 4C. Vehicle Usage: “maximum of $600 per month”.

4. Section 4E. Performance Incentive Plan: Mr. Maas “shall be eligible for a performance incentive plan, not to exceed Ten Thousand Dollars ($10,000) annually, upon satisfactorily achieving yearly objectives as established” and “approved by the Governing Board,” and “after completion of an annual performance review. Such payment shall be made on the first pay day following Mr. Maas’s written request to ACSET, after the amount has been recommended by the Chairperson and Vice-Chairperson of ACSET and approved by the Governing Board”.

5. Section 5: This agreement shall be effective as of February 11, 2017 (the “Effective Date”) and shall continue for a term of two (2) years, ending on February 11, 2019, unless sooner terminated pursuant to the terms of this Agreement (the “Term”). Should this Agreement or any extensions thereof reach an expiration date without formal notice of termination by either party as set forth in Section 7 of this Agreement, it shall be automatically extended for two (2) additional years. The period in which Employee is employed with Employer, including the original Term of this Agreement and any extensions of the term shall be referred to as the “Employment Period.”

6. Section 7: Additional language included “at any time with cause, and no additional salary or unused annual leave shall be due or payable. This Agreement may also be terminated without cause”.

7. Section 8: This Agreement shall be terminated automatically upon Mr. Maas’ death. ACSET shall be obligated to pay to Mr. Maas’ estate the amount of the salary that is earned but unpaid as of the time of Mr. Maas’ death. Mr. Maas’ designated beneficiary or estate, as the case may be, shall be entitled to receive any unused annual leave accrued at the time of Mr. Maas’ death.

8. Section 9: Mr. Maas may separate from the employ of ACSET at his option, or be separated at ACSET’s option, if Mr. Maas is disabled, either mentally or physically, and unable to perform his duties. For purposes of this Agreement, (a) such disability must first have prevented Mr. Maas from performing his duties for a period of at least ninety (90) calendar days in any twelve (12) consecutive month period; and (b) a physician mutually agreed upon by Mr. Maas and ACSET shall certify that Mr. Maas is not able to perform his duties. ACSET shall pay for any examination fee or other charges that may be incurred in connection with such certification. If the physician certifies that Mr. Maas is disabled as defined by this section, then either party may terminate this Agreement upon thirty (30) days’ prior written notice to the other party and Mr. Maas shall be entitled to the amount of salary that is earned but unpaid as of the date of termination and any unused annual leave accrued at the time of termination.”
Roll call taken: 12 of 14 members present
Motion: Com. Lenear made the motion based upon the contingency of the written document, which was evaluated by the Chair and Vice-Chairperson regarding Mr. Maas’ performance.
Supported- Com. Allen
Yays: Com. De Young, Stolsonburg, Calley, Chivis, Mast, Mahoney, Sabo, Baumann, Bergman, Allen, Lenear
Nays: Com. Thiele
11 out of 12 members present voted affirmatively. Item approved by vote- Motion carried

10. Other Business- None

11. Public Comment- None

12. Adjournment at 10:25 a.m. by Chairperson Craig Stolsonburg
   
   Motion- Com. Calley
   Supported- Com. De Young
   Item approved by vote – Motion carried

Recorded by: ________________________________ Received by: ________________________________
MINUTES

GB Members Present: Commissioners Allen, Baumann, Calley, De Young, Lenear, Mast, Retzloff, Stolsonburg

GB Members Absent: Commissioners Bergman, Chivis, Mahoney, Saalfeld, Sabo, Thiele

WDB Members Present: Travis Alden, Nora Balgoyen-Williams, Mark Bergsma, Randy Boss, Norm Brady, Kenyatta Brame, Cindy Brown, Cathy Cronick, Jay Dunwell, Bob Ferrentino, Jim Fisher, Ed Garner, Heather Gluszewski, Rebecca Herrington, Jon Hofman, Angela Huesman, Win Irwin, Bill Pink, Valorie Putnam, Dan Rinsema-Sybenga, Michelle Seigo, Samantha Semrau, Dave Smith, Dan TenHoopen, Therese Thill, Mark Thomas, Shana Welch, Sherry White

WDB Members Absent: Ryan Bennett, Paul Billings, John Buchan, Roberto Jara, Mark Mangione, Scott McLean, Bob Thompson

ACSET/WMW! Staff Present: Angie Barksdale, Susan Cervantes, Maureen Downer, Christina Dunlop, Mary Durham, Sue Fleming, Sherrie Gillespie, Brenda Isenhart, Erin Kenny, Jane Kreha, Laura Krist, Amy Lebednick, Brittany Lenertz, Deb Lyzenga, Jacob Maas, Janette Monroe, Jennifer Philipps, Melanie White, Nancy Wiest

Guests Present: Bruce Adair (Lakeshore Advantage), Wayman Britt (Kent County Assistant Administrator), Mark Bulthuis (Parkway Electric), Tony Calcagno (Goodwill Industries), Tracie Coffman (ENTF), Daryl Delabbio (Kent County Administrator), Mark Eisenbarth (Muskegon County Administrator), Thomas Freeland (Meijer), Luana Georgescu (Hearthside Foods), Jim Haton (MMI), Mary Beth Lambregtse (Hearthside Foods), Meg Lehigh (Meijer), Esii Monterruso (Parkway Electric), Larry Tiejema (Ionia County Commissioner), Michelle Van Dyke (ENTF), Matthew Van Zetten (Kent County Management Analyst)

1. Call to Order, ACSET Governing Board Chair, Commissioner Craig Stolsonburg at 12:30 p.m.

2. Public Comment – Agenda Items- None

3. Recognitions
   a. Community Action Agency (CAA), Kent County, Partner of the Year Information Item
      Susan Cervantes, ACSET CAA Associate Director, presented Tracie Coffman, Essential Needs Task Force (ENTF) Director, with the Community Action Agency Partner of the Year Award. The ENTF has helped ACSET CAA better serve the residents of Kent County through strong community partnerships and program alignment.
   b. WMW Employer Partner of the Year Information Item
      Angie Barksdale, WMW Chief Operating Officer, presented Meijer Corporation, with the WMW Partner of the Year Award. Meijer has been a strong partner in regional workforce efforts on statewide recruitment and participation. Meijer has also been a leading event sponsor of MiCareerQuest. WMW is recognizing Meijer’s leadership in our region. Thomas Freeland and Meg Lehigh accepted this award
c. Impact Awards Winners

Angie Barksdale reviewed that each year, the Michigan Works! Association presents Impact Awards which honor businesses that have actively created jobs and developed talent in their communities. Angie presented the Impact Awards to two businesses: (1) Parkway Electric & Communications, LLC, and employee Esli Monterusso; and (2) Hearthside Food Solutions, LLC, and employee Luana Georgescu. In the past 15 months, Parkway Electric has hired 37 new employees, five of which were hired using On-the-Job Training (OJT) funds through WMW. With assistance from OT funds and the Trade Adjustment Assistance (TAA) program, employee Monterusso secured employment with Parkway Electric. Mark Bolthuis, Parkway Electric Human Resources and Safety Management, provided thanks to WMW and Grand Rapids Community College. Bolthuis also acknowledged Kevin Lutz, WMW Business Solutions Representative, for his support and expert knowledge in training options.

The second recipient receiving the award, Hearthside Food Solutions, began partnering with WMW several years ago through various programs, such as OJT funds, Incumbent Worker Training, and Skilled Trades Training Funds (STTF). With assistance from OJT funds and training through the TAA program, Employee Georgescu was hired as a Project Engineer with Hearthside.

Angie noted that the award recipients will be recognized at the Impact Awards in Lansing, MI in February.

Dave Smith, WMW WDB Chairperson, recognized and thanked the ACSET Governing Board members, WMW WDB members and WMW staff in attendance at the meeting. Dave also acknowledged WMW Board member Dr. Bill Pink for his new position as the Dean of Grand Rapids Community College.

4. Approval of the October 10, 2016 WMW WDB Minutes

   WDB Action Required

   Motion- Mark Thomas
   Supported- Jim Fisher
   Item approved by vote- Motion carried

5. Advocate Award

   Dave Smith reviewed that the Advocate Award recognizes an individual who advocates for people with life challenges that affect their ability to find and maintain employment. Dave presented the award to Sue Fleming, WMW Talent Development Instructor (Allegan County), who through her demonstrated passion in her work, has recently begun working with the Women’s Re-entry Unit Treatment Program in the Allegan County Correctional Facility. Sue accepted the award.

6. Highlights of 2016

Jacob Maas, ACSET Chief Executive Officer, provided a PowerPoint presentation “The Year in Review” for ACSET. Some of the highlights included Community Action Agency of Kent County, partnerships and a 2017 timeline. In addition to the CAA agency highlights, Jacob recognized CAA staff member, Mary Durham, for her 50 years of service working in CAA. Some of the highlights of West Michigan Works! included sector initiatives, grants and funding received, and individual county successes in our region.

7. West Michigan Works! Strategic Plan 2016 (hard copy provided at meeting)

   WDB Action Required

   Dave Smith, WMW WDB Chairperson, reviewed that WMW staff and board members have worked diligently during the past year with Thomas P. Miller & Associates (TPMA) on creating a strategic plan for the next four years. Dave noted most of the processes involved board members’ input and online surveys, which included Education and Training providers, Community Partners, Employers and Chambers of Commerce, Jobseekers, WMW Management and Staff. Dave reviewed the common themes, strengths,
weaknesses and results of the surveys. Dave requested board approval of the West Michigan Works! Strategic Plan. Dave stated that with the approval of the strategic plan, four additional committees will be formed. Dave requested that WDB members complete subcommittee interest forms after the meeting.

**Motion- Jim Fisher**  
**Supported- Bob Ferrentino**  
**Item approved by vote- Motion carried**

8. **2017 WMW WDB Timeline**  
Information Item  
Dave Smith reviewed the WMW WDB timeline of expectations and accomplishments WMW hopes to reach in 2017. These include establishment of committees and first committee meetings, 2018 budget and priorities, STTF funds, and implementation of WIOA and committees’ reports on strategic plan progress.

9. **Other Business – None**

10. **Public Comment – None**

11. **Adjournment by Dave Smith at 1:41 p.m.**

Recorded by: _______________________________ Received by: _______________________________
ACSET Memorandum

TO: ACSET Governing Board

FROM: ACSET Staff

DATE: January 17, 2017

RE: ACSET Governing Board Election of Chair and Vice-Chair

Pursuant to the 4th Amended Interlocal Agreement between the Counties of Allegan, Barry, Ionia, Kent, Montcalm, Muskegon, and Ottawa, and the City of Grand Rapids, it is time for a Chairperson and Vice-Chairperson of the ACSET Governing Board to be elected. The newly elected officers will begin their duties at the January 23rd meeting immediately following the election at that meeting. The Interlocal Agreement provides as follows:

The Governing Board shall have a Chairperson and Vice-Chairperson, which officers shall be elected annually by members of the Governing Board; provided, that the Chairperson shall be elected from among the representatives of one of the Public Agencies in the following annual rotation: Allegan County, Barry County, Ionia County, Kent County, Montcalm County, Muskegon County, Ottawa County and the City of Grand Rapids. The Public Agency from which the Chairperson shall be elected for the first full calendar year following the effective date of this Interlocal Agreement shall be chosen by lot, and the Vice-Chairperson shall be chosen from among the representatives of the next Public Agency in the above rotation.

a. **Chairperson.** The Chairperson shall preside at all meetings of the Governing Board.

b. **Vice-Chairperson.** The Vice-Chairperson shall perform the duties and exercise the power of the Chairperson in the absence or disability of the Chairperson.

After being chosen by lot in December 2015, a representative from Barry County served as Chair in 2016, which was the first full calendar year following the effective date of the Interlocal Agreement. Therefore, based on the above rotation listed in the Interlocal Agreement, it is Ionia County’s turn to serve as Chairperson of the Board for 2017. Being the only representative from
the Ionia County Board of Commissioners, Commissioner Larry Tiejema will be considered for Chairperson of the ACSET Governing Board unless he wishes to be removed from consideration. Assuming Commissioner Tiejema does not wish to remove his name, then action (i.e., nomination*, and a vote of yeas and nays) would be required by the members to officially elect Commissioner Tiejema as the Chairperson.

Regarding the office of Vice-Chairperson, the next listed public agency in the above rotation is Kent County. The names of the three representatives from the Kent County Board of Commissioners (Commissioners Harold Mast, Stan Stek, and Robert Womack) who will be serving on the 2017 ACSET Governing Board will be considered for Vice-Chairperson unless the representative wishes to be removed from consideration. As far as voting is concerned and assuming there is more than one candidate for the office of Vice-Chairperson, the members of the Governing Board can decide if they prefer to vote by (1) a show of hands for each candidate; (2) a roll call vote; or (3) by any other way the member’s vote is made known to the public, e.g., a ballot but not a secret ballot. If the ballot method is selected, then each voting member must place his or her own name on the ballot, and then the member’s name along with his or her selected candidate can be read aloud at the meeting or if the member’s name is not read aloud at the meeting, then the member’s selected candidate along with each voting member’s name will be recorded in the official minutes of the meeting for any interested member of the public to see. If there is only one candidate for the office of Vice-Chair, then action (i.e., nomination* and a vote of yeas and nays) would be required by the members to officially elect the representative as Vice-Chair.

*Robert’s Rules of Order state that it is customary to nominate one or more candidates before proceeding to an election to fill an office (unless the election is by ballot or roll call).
BALLOT

ELECTION OF ACSET GOVERNING BOARD VICE-CHAIRPERSON

January 23, 2017

Vote for Only ONE (1) Member.

_______________________________
PRINTED NAME OF VOTING MEMBER

KENT COUNTY – VICE-CHAIRPERSON

___ Commissioner Harold Mast

___ Commissioner Stan Stek

___ Commissioner Robert Womack
ACSET Memorandum

TO: ACSET Governing Board
FROM: Brenda Isenhart, Chief Financial Officer
DATE: January 13, 2017
RE: Renewal of Line of Credit

ACSET holds a $200,000 line of credit with Fifth Third Bank. This line will expire in February 2017.

The majority of ACSET’s funds are received on a cost reimbursement basis. Federal rules require that grant funds not be held more than three days prior to being expended. ACSET plans for the payment of accounts payables and payroll and makes cash requests based on these plans. The line of credit will provide ACSET the ability to pay its obligations in the event of unforeseen expenses or a delay in receiving cash draws from the State.

During the fiscal year ending June 30, 2016, no draws were made on this line.

ACSET is requesting the approval of the board to approve this line of credit for another year.
ACSET Memorandum

TO: ACSET Governing Board
FROM: Brenda Isenhart, Chief Financial Officer
DATE: January 17, 2017
RE: Renewal of Line of Credit

ACSET holds a $200,000 line of credit with Fifth Third Bank. This line will expire in February 2017.

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During the fiscal year ending June 30, 2016, no draws were made on this line.

ACSET is requesting the approval of the board to approve this line of credit for another year.
ACSET Memorandum

TO: ACSET Governing Board
FROM: Brenda Isenhart, ACSET Chief Financial Officer
DATE: January 17, 2017
RE: December 2016, Michigan Works! Board Financials

Revenue
Year to date revenues total $12,563,129 for the six months ending December 31, 2016. This amount is .92% above the budgeted revenues.

Expenditures
Currently our year to date budget is presented equally for each month. Timing differences create overages and shortages when comparing budget to actual as some programs do not experience level spending (such as the summer youth program and Skilled Trades Training Program).

Operating expenses are under budget in total by $186,436. However a few line items are over budget within this category. Consumables are over budget primarily due to the PATH program which ended September 30th. The PATH program expenditures did not exceed our grant allocation. Other Expenses is over budget because of the MW association dues. Funding is received specifically to cover our association dues.

Training is over budget by $188,928. This overage is primarily due to the Skilled Trades Training Program which ends each year in September. Reimbursements to our area employers tend to be heavier in the final months of this program.

Direct Client Expenses is over by $101,352 which is primarily due to the PATH program which ended in September and Summer Learning program Youth Work Experience.

Balance Sheet
A combined balance sheet is present for your review. Cash is higher but the Accounts Receivable are lower. This is due to timing differences of when requested funding was received in relation to month end.
## Area Community Services Employment and Training Council
### Michigan Works Agency Programs
#### Statement of Revenue & Expenses
##### For the Six Months Ending December 31, 2016

<table>
<thead>
<tr>
<th>Item #5c</th>
<th>YTD Thru Dec 2016 Actual</th>
<th>YTD Thru Dec 2015 Actual</th>
<th>YTD 2016/2017 Budget</th>
<th>Budget Variance</th>
<th>Budget Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>$ 12,563,129</td>
<td>$ 10,140,759</td>
<td>$ 12,449,000</td>
<td>$ 114,129</td>
<td>0.92%</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wages</td>
<td>$ 3,475,016</td>
<td>$ 2,780,201</td>
<td>$ 3,556,500</td>
<td>$ 81,484</td>
<td>2.29%</td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>1,346,808</td>
<td>1,097,028</td>
<td>1,368,500</td>
<td>21,692</td>
<td>1.59%</td>
</tr>
<tr>
<td>Consumable supplies</td>
<td>$ 414,972</td>
<td>$ 275,799</td>
<td>$ 369,500</td>
<td>(45,472)</td>
<td>-12.31%</td>
</tr>
<tr>
<td>Transportation</td>
<td>112,538</td>
<td>86,736</td>
<td>107,000</td>
<td>(5,238)</td>
<td>-5.18%</td>
</tr>
<tr>
<td>Outside services</td>
<td>167,051</td>
<td>130,092</td>
<td>244,500</td>
<td>77,449</td>
<td>31.68%</td>
</tr>
<tr>
<td>Space and communications</td>
<td>693,134</td>
<td>507,623</td>
<td>782,000</td>
<td>88,866</td>
<td>11.36%</td>
</tr>
<tr>
<td>Equipment rent and maint</td>
<td>38,749</td>
<td>16,155</td>
<td>32,000</td>
<td>(6,749)</td>
<td>-21.09%</td>
</tr>
<tr>
<td>Equipment purchases</td>
<td>169,406</td>
<td>272,780</td>
<td>201,500</td>
<td>32,094</td>
<td>15.93%</td>
</tr>
<tr>
<td>Other expense</td>
<td>324,890</td>
<td>170,115</td>
<td>267,500</td>
<td>(57,390)</td>
<td>-21.45%</td>
</tr>
<tr>
<td>Total operating expense</td>
<td>$ 6,742,564</td>
<td>$ 5,336,529</td>
<td>$ 6,929,000</td>
<td>$ 186,436</td>
<td>2.69%</td>
</tr>
<tr>
<td>Subcontractors</td>
<td>$ 1,935,785</td>
<td>$ 1,664,140</td>
<td>$ 1,925,500</td>
<td>(10,285)</td>
<td>-0.53%</td>
</tr>
<tr>
<td>Training</td>
<td>$ 2,834,428</td>
<td>$ 2,393,008</td>
<td>$ 2,645,500</td>
<td>(188,928)</td>
<td>-7.14%</td>
</tr>
<tr>
<td>Direct Client Expenses</td>
<td>$ 1,050,352</td>
<td>$ 747,082</td>
<td>$ 949,000</td>
<td>(101,352)</td>
<td>-10.68%</td>
</tr>
<tr>
<td></td>
<td>$ 5,820,565</td>
<td>$ 4,804,230</td>
<td>$ 5,520,000</td>
<td>(300,565)</td>
<td>-5.45%</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>12,563,129</td>
<td>10,140,759</td>
<td>12,449,000</td>
<td>(114,129)</td>
<td>-0.92%</td>
</tr>
<tr>
<td>Excess of Revenue over Expense</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

Unaudited
Area Community Services Employment Training  
Michigan Works Agency Programs  
Actual expenses by cost category  
For the Six Months Ending December 31, 2016

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Administration Expenses</th>
<th>Program Expenses</th>
<th>Total YTD Dec 2016 Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>$426,250</td>
<td>$3,048,766</td>
<td>$3,475,016</td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>166,272</td>
<td>1,180,536</td>
<td>1,346,808</td>
</tr>
<tr>
<td>Consumables</td>
<td>24,238</td>
<td>390,734</td>
<td>414,972</td>
</tr>
<tr>
<td>Transportation</td>
<td>10,606</td>
<td>101,932</td>
<td>112,538</td>
</tr>
<tr>
<td>Outside services</td>
<td>18,563</td>
<td>148,488</td>
<td>167,051</td>
</tr>
<tr>
<td>Space and communications</td>
<td>47,878</td>
<td>645,256</td>
<td>693,134</td>
</tr>
<tr>
<td>Equipment rent and maintenance</td>
<td>3,395</td>
<td>35,354</td>
<td>38,749</td>
</tr>
<tr>
<td>Equipment purchases</td>
<td>17,647</td>
<td>151,759</td>
<td>169,406</td>
</tr>
<tr>
<td>Other expense</td>
<td>19,492</td>
<td>305,398</td>
<td>324,890</td>
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<tr>
<td><strong>Total operating expense</strong></td>
<td><strong>$734,341</strong></td>
<td><strong>$6,008,226</strong></td>
<td><strong>$6,742,564</strong></td>
</tr>
</tbody>
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UNAUDITED
### Area Community Services  Employment and Training Council

**Combined Statement of Revenue & Expenses By Department**

*For the Six Months Ending December 31, 2016*

<table>
<thead>
<tr>
<th></th>
<th>Michigan Works!</th>
<th>Community Action</th>
<th>Combined</th>
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<tr>
<td><strong>REVENUES</strong></td>
<td>$12,563,129</td>
<td>$2,659,693</td>
<td>$15,222,822</td>
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<tr>
<td><strong>EXPENDITURES</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Operating Expenses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wages</td>
<td>$3,475,016</td>
<td>$592,163</td>
<td>$4,067,179</td>
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<tr>
<td>Fringe</td>
<td>1,346,808</td>
<td>229,121</td>
<td>1,575,929</td>
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<tr>
<td>Consumables</td>
<td>414,972</td>
<td>48,775</td>
<td>463,747</td>
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<tr>
<td>Transportation</td>
<td>112,538</td>
<td>48,636</td>
<td>161,174</td>
</tr>
<tr>
<td>Outside Services</td>
<td>167,051</td>
<td>122,869</td>
<td>289,920</td>
</tr>
<tr>
<td>Space &amp; Communications</td>
<td>693,134</td>
<td>103,647</td>
<td>796,781</td>
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<tr>
<td>Equipment Rent &amp; Maintenance</td>
<td>38,749</td>
<td>4,574</td>
<td>43,323</td>
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<tr>
<td>Equipment Purchases</td>
<td>169,406</td>
<td>86,710</td>
<td>256,116</td>
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<tr>
<td>Other Expenses</td>
<td>324,890</td>
<td>26,878</td>
<td>351,768</td>
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<td>Total Operating Expenses</td>
<td>6,742,564</td>
<td>1,263,373</td>
<td>8,005,937</td>
</tr>
</tbody>
</table>

| Subcontracotrs       | 1,935,785       | 237,250          | 2,173,035      |
| Training             | 2,834,428       | -                | 2,834,428      |
| Direct client expenditures | 1,050,352 | 392,140          | 1,442,492      |
| Commodities          | -               | 766,930          | 766,930        |
| **Total Expenses**   | $12,563,129     | $2,659,693       | $15,222,822    |

**Net Change in Fund Balance**

$- $- $-
## Area Community Services Employment and Training Council

### Balance Sheet

**Governmental Activities**

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<thead>
<tr>
<th></th>
<th>Unaudited 12/31/16</th>
<th>Audited 6/30/16</th>
<th>Audited 6/30/15</th>
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<tr>
<td><strong>Assets</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash &amp; Cash Equivalents</td>
<td>1,081,677</td>
<td>617,357</td>
<td>971,425</td>
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<tr>
<td>Accounts Receivable</td>
<td>1,106,159</td>
<td>2,923,954</td>
<td>2,045,944</td>
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<tr>
<td>Inventory (at Cost)</td>
<td>510,378</td>
<td>415,323</td>
<td>157,488</td>
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<tr>
<td>Prepaid Expenses</td>
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<td>265,690</td>
<td>100,909</td>
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<tr>
<td><strong>Total Current Assets</strong></td>
<td>2,977,884</td>
<td>4,222,324</td>
<td>3,275,767</td>
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<tr>
<td>Long-term Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property &amp; Equipment</td>
<td>593,962</td>
<td>490,048</td>
<td>403,833</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$3,571,846</strong></td>
<td><strong>$4,712,372</strong></td>
<td><strong>$3,679,600</strong></td>
</tr>
</tbody>
</table>

|                      |                     |                 |                 |
| **Liabilities**      |                     |                 |                 |
| Short-term Liabilities |                 |                 |                 |
| Accounts Payable     | 913,452             | 1,914,424       | 1,345,252       |
| Unearned Revenue     | 537,763             | 912,308         | 976,760         |
| C/P Compensated Absences | 526,623          | 475,000         | 147,926         |
| **Total Short Term Liabilities** | 1,977,838       | 3,301,732       | 2,469,938       |
| LT Compensated Absences | 184,131           | 184,131         | 284,966         |
| **Total Liabilities** | 2,161,969          | 3,485,863       | 2,754,904       |

|                      |                     |                 |                 |
| **Net Assets**       |                     |                 |                 |
| Total Net Assets     | 1,409,877           | 1,226,509       | 922,696         |
| **Total Liabilities and Net Assets** | **$3,571,846** | **$4,712,372**  | **$3,677,600**  |

### Ratios

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<th>Dec-16</th>
<th>Jun-16</th>
<th>Jun-15</th>
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<tr>
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<tr>
<td>Quick Ratio</td>
<td>0.55</td>
<td>0.19</td>
<td>0.39</td>
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ACSET Memorandum

TO: ACSET Governing Board
FROM: Angie Barksdale, Chief Operating Officer
DATE: January 17, 2017
RE: Offender Success (previously known as Prisoner Re-Entry)

Since the merger of Michigan Works! organizations, ACSET has administered two Offender Success (OS) programs, Kent/Allegan OS and West Shoreline (Oceana, Muskegon & Ottawa County) OS. Both of these programs are operating on extensions of original contracts that were established with Michigan Department of Corrections (MDOC) approximately 10 years. There have been attempts to re-bid and conversations about re-bidding by MDOC, but new contracts or administrative entities have not been established. Thus, multiple renewals and extensions of contracts have been received. Some contract extensions have been 6 months in length, some a full program year in length, but never with any length of certainty. Due to the uncertainty in the direction MDOC was taking with the program, ACSET has continued to administer things as best as possible locally, making few changes to client services.

In May of 2016 MDOC released an RFP for this program to begin services October 1, 2016. At the time ACSET chose not to submit a bid in response to this RFP. There were a couple items that were concerning; pay for performance, required vendor handbook, administering the program in all 13 counties of region 4 and on-going issues with how MDOC administers the program currently. ACSET did decide to stay engaged with the program by collaborating with West Central Michigan Works! in their bid. In August of 2016 MDOC decided not to issue awards based on this RFP and offered existing administrators yet another extension of their contracts. ACSET accepted the extension for another program year, until September 30, 2017.

On December 19, 2016 ACSET received a Corrective Action Notice from MDOC. Before the response was submitted it was reviewed with the Workforce Development Board Executive Committee on January 9, 2017. See attached. At that meeting discussion regarding the ongoing uncertainty and concerns of administering this program was had. The WDB Executive committee
requested that ACSET Administration compile what we consider non-negotiable items that would impact our decision on whether to continue administering Offender Success locally.

During the week of January 9, 2017, award letters went out to agencies that bid on the May 2016 RFP. The letters state that contracts will begin April 1, 2017. No guidance has been given as to award amounts, how transition from the current administrator will occur or what that means to our current extension that goes until September 30, 2017. ACSET has not received any formal communication directly from MDOC regarding our current contract.

In response to WDB Executive Committee’s request to compile non-negotiable items and the ongoing uncertainty of the program, ACSET administration recommends the following:

- Operating under a pay for performance contract is too great a risk for ACSET. Penalty for not meeting performance can range up to 40% of the billable administrative costs. The penalty must be paid to MDOC with non-federal or state dollars. The current performance measures being presented by MDOC have no consistent baseline, include measures that ACSET has no control over and are tracked on an excel spreadsheet that is fraught with errors.

- ACSET must receive payment for allowable expenditures in a timely manner. MDOC has consistently withheld large payments over small discrepancies in back up data. These discrepancies have involved a very small percentages of the overall invoice amount (i.e. less than $1,000 of a $60,000 invoice, reference Corrective Action Notice attached). ACSET has always been able to rectify these discrepancies but the delay payment by MDOC causes delays in ACSET’s ability to pay local vendors.

- ACSET needs a clearly documented complaint and grievance policy with MDOC regarding local vendor issues. Some of ACSET vendors have contacted MDOC directly, bypassing ACSET with issues, questions or concerns regarding their contract with ACSET. This makes it increasingly difficult to manage these vendor contracts and relationships.

- ACSET cannot move forward with enforcing the required vendor handbook presented in MDOC’s May 2016 RFP. The handbook presented includes requirements that ACSET legal counsel feels could subject ACSET to potential constitutional challenges and lawsuits. These requirements include items that MDOC includes in their employee handbook. MDOC is requesting that ACSET enforce these rules on the employees of vendors.

ACSET is reviewing the fiscal implication if we choose to no administer the Offender Success program or collaborate with West Central Michigan Works! in delivering the program locally. We are awaiting further clarity on the direction MDOC is planning regarding the status of ACSETs current contract.
CORRECTIVE ACTION PLAN
Area Community Services Employment and Training Council

Date: December 19, 2016

Contract #: 472B0200050

The objectives from the contract are described below, followed by the performance Finding. Please complete a Corrective Action Plan to resolve each Finding identified from the year-end data and expense reconciliation. Include a detailed response to each Finding with a strategy to implement the necessary modifications to expense monitoring or other factors to reduce or eliminate the Finding.

Upon completion, please email this document to Contract Monitor Milton Shoup at ShoupJ@michigan.gov no later than 10 business days from the date of this letter.

Contract Statement of Work Requirements – Findings:

1. Standard 2.17 (states in part):

   The CONTRACTOR shall submit to the STATE a signed, executed copy of each approved subcontract or agreement that derives its funding from Prisoner Reentry funding within 14 calendar days of service commencement.

   FINDING #1:
   Prisoner Reentry services for Fiscal Year 2017 commenced October 1, 2016. As of early December 2016 contracts and contract extensions had not been received for review. Subcontract extension submittals are untimely and not in compliance with Contract Standard 2.17.

   REQUESTED ACTION:
   Provide a corrective action plan that ensures all Prisoner Reentry subcontracts and subcontract extensions are prepared for execution by October 1 each year and submitted to the MDOC for review within 14 calendar days of service commencement.

   CORRECTIVE ACTION PLAN:

   Standard 2.17 of the contract with MDOC states that the contractor shall submit each approved subcontract or agreement that derives from Prisoner Reentry funding within 14 days of service commencement. There were many contributing factors as to why this requirement was not met. Meeting standard 2.17 is only feasible when notification of the award and approved funding level is received in ample time to procure needed services, draft
contracts, make modifications or re-state contracts, negotiate with contractors and fully execute contracts. ACSET was not given ample time to complete these tasks.

ACSET agreed to extend the Prisoner Reentry contract (now known as Offender Success) on August 12, 2016. At that time ACSET began discussions and negotiations regarding the transferring of Oceana County from ACSET to West Central Michigan Works, and transferring Barry County to ACSET from that of MDOC. ACSET did not receive approved FY 2017 finalized funding levels until October 5, 2017. At that time ACSET created the local budget and submitted to the MDOC Community Liaison for review on October 12, 2017. ACSET did however communicate with all contractors the intention to extend contracts for another program year and what their FY 17 budget amounts would likely be. ACSET also discussed that work had begun on preparing the formal FY 2017 contracts & budgets. Service to clients was not disrupted and reimbursements to contractors has continued in good faith and in a timely manner in order to ensure that service continues.

Once ACSET received an approved budget RFPs were released for the following:

- Housing, Employment Readiness & Social Support Resource Specialist for Barry County
- Behavioral Health Services for Allegan, Barry & Kent County

Both RFPs were posted on October 18, 2017 and awards were granted in November. Contracts are currently in the process of being finalized.

ACSET is continuing efforts to align internal administrative operations to streamline and organize the management of these contracts. This included transitioning several of the existing landlords from a simple MOU, to utilizing a version of the MDOC provided lease template. This is needed to provide all landlords with the same lease, but also to legally protect MDOC, ACSET, the landlord and the parolee. ACSET has also chosen to issue all extended contractors re-stated contracts, instead of simple modifications of extension. This is needed because ACSET is currently operating some contracts on modification number 13 or higher due to the multiple extensions of our MDOC contract and the numerous budget adjustments over the years. ACSET believes it is in MDOC's, ACSET's and the contractors’ best interest to re-issue the contracts. All of these things lengthened the time needed to execute contracts.

ACSET strives to meet or exceed all the requirements of the granting sources. The fact that ACSET did not receive final funding levels and an approved budget until mid-October, that ACSET had to execute 2 RFPs, that ACSET is still working to align and streamline the administration of these programs as a result of the merger and that ACSET currently has 37 Offender Success vendors/contractors/leases to execute for FY 2017 has resulted in the inability to meet the 14 days from October 1, 2017 requirement. ACSET will continue to work as efficiently as possible to provide MDOC with all fully executed contracts. Many are in the final stages of signature and should be sent shortly. ACSET will also continue to communicate with the Community Liaison and Contract Monitor to ensure all parties are all up to date on the status of the contracts and are able to address any issues in a timely manner.
2. **Contract Standard 2.19, Sub Section E:**
A process that minimizes the time between receipt of revenue from the STATE and disbursement of payments to service providers in order to maintain services without interruption.

**FINDING #3:**
Kent Prisoner Reentry Region: MDOC Prisoner Reentry staff were notified on 11/28/2016 of ACSET’s failure to reimburse Exodus Place timely for September expenses. This lack of reimbursement led to Exodus Place offering a deadline of 12/1/2016 for either a reimbursement or an immediate closure of housing services, which would be detrimental to Prisoner Reentry services within the ACSET service area.

**REQUESTED ACTION:**
Provide a corrective action plan that ensures all Prisoner Reentry program will be reimbursed timely to avoid service interruption per the contract requirements.

**CORRECTIVE ACTION PLAN:**
According to Contract Standard 2.19, Subsection E, ACSET utilizes a process that minimizes the time between receipt of revenue from the State and disbursement of payments to service providers in order to maintain services without interruption. Under this process, ACSET pays all of its Prisoner Reentry contractors and vendors typically with the very next check run after reimbursement is received from MDOC. ACSET’s final September 2016 payment was received on Thursday, 12/1/2016. In anticipation of this payment, ACSET processed the Exodus payment on Wednesday, 11/30/2016. The finding referred to above was paid one day BEFORE payment was received from MDOC. ACSET considers this to meet Contract Standard 2.19. The advance ACSET receives from MDOC at the beginning of the year is insufficient to cover all ACSET’s payroll, overhead costs, and vendors prior to receiving the prior month's reimbursement and is nearly extinguished by the end of the program year.

MDOC reimbursements for the months of October through August are typically received 5 to 7 business days after the 20th of the month and ACSET makes vendor payments 0 to 4 business days after reimbursement is received. However, MDOC has historically taken longer to reimburse the September payment because of year end checks and balances. During this time period of waiting for the MDOC reimbursement, ACSET was in contact with Exodus explaining the situation and that reimbursements was delayed because reimbursement had not yet been received.

ACSET requests a faster turn around on the final September reimbursement from MDOC, a partial payment of all approved expenses, or a delay in the recouping of the advance to allow ACSET enough cash on hand to pay vendors prior to receiving the prior month’s reimbursement. MDOC had questioned expenses totaling no more than $1,000 on the September report. However the entire reimbursement of
nearly $60,000 (net of the advance received) was delayed by MDOC. The months of August and September are used by MDOC to recoup the advance provided at the beginning of the year. During the last two months of the program year ACSET only receives half of the reimbursement requested, leaving no advance to cover September expenses above the advance received.

**Contract Standard 2.31:**

*The CONTRACTOR is responsible for submitting complete and accurate data as required by the STATE with data collection reports due to the STATE by the 20th calendar day of each month.*

**FINDING #2:**
Muskegon Prisoner Reentry Region: The data and expense reconciliation process at the closure of FY16 revealed that inventories of Housing Supplies and Social Support assistance was monitored using a separate log and had not been reported on the data collection reports through the course of the fiscal year. During the same period, Housing Supplies and Social Support assistance items were expensed to the Michigan Department of Corrections during the period of purchase. As a result of the data collection sheets not being maintained in compliance with the MDOC Data Collection Instruction manual, considerable State staff time was required to establish the cause of the significant difference between the expenses recorded and the service level data provided to the State. Additionally, a conference call was necessary between MDOC/State staff and Contractor staff to confirm the cause of the data discrepancy and gain a resubmission of both missing data and unused inventory by which to reconcile the expense reporting and data submissions in order to reach the year-end reconciliation.

**REQUESTED ACTION:**
Provide a corrective action plan that ensures all Prisoner Reentry program assistance provided during a specific billing period is expensed and accurate data collection for the same billing period is submitted timely and accurately. The corrective action plan for expenses reported and data collection must comport with the FY17 Data Collection Instructions. The corrective action plan should include a system for monitoring supply inventory for the year-end reconciliation.

**CORRECTIVE ACTION PLAN:**
Program year 2016 was the first year that ACSET operated West Shoreline for MDOC. West Shoreline's program and processes were reviewed mid-program year by MDOC staff without any indication that the method being used was unacceptable. ACSET has since put into place new processes in order to ensure that the FY17 Data Collection Spreadsheet is timely, complete, and properly submitted to MDOC. These processes are the same process that Kent/Allegan uses to accurately prepare the Data Collection Spreadsheet.
## ACSET Personnel Actions – January 17, 2017

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<thead>
<tr>
<th>CLASS</th>
<th>EMPLOYEE</th>
<th>APPOINTMENT</th>
<th>DATE</th>
<th>LOCATION</th>
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<td></td>
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<tr>
<td><strong>Class</strong></td>
<td><strong>Employee</strong></td>
<td><strong>Appointment</strong></td>
<td><strong>Date</strong></td>
<td><strong>Location</strong></td>
</tr>
<tr>
<td>Career Coach</td>
<td>Stephanie Brown</td>
<td>Permanent</td>
<td>12/5/16</td>
<td>Franklin, GR</td>
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<tr>
<td>Career Coach</td>
<td>Zsanara Hoskins</td>
<td>Permanent</td>
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<td>Mark Dumouchelle</td>
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<td>12/19/16</td>
<td>Ottawa</td>
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<td>Saul Ulloa</td>
<td>Permanent</td>
<td>1/3/17</td>
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<td>Tiffany Duncil</td>
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<td>1/17/17</td>
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<td>Andrew Davidson</td>
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<td>Franklin, GR</td>
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<tr>
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<tr>
<td>From</td>
<td>To</td>
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<td><strong>Appointment</strong></td>
<td><strong>Date</strong></td>
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<td>Talent Development Instrutor</td>
<td>Elizabeth McMurray</td>
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<td>Kristie Scarffe</td>
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<td>To</td>
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| Talent Development Specialist       | 10     | 8                     | 0  | 2  |
| Training Consultant                 | 1      | 1                     | 0  | 0  |
| **TOTALS**                          | **179** | **156**               | **0** | **23** |
ACSET Memorandum

TO: ACSET Governing Board
FROM: Laura Krist
DATE: January 17, 2017
RE: Request to add positions – West Michigan Works!

After reviewing our current staffing chart and assessing the structure of the Business Solutions Department throughout the region, we have determined that we have a need for additional Business Solutions Representatives. Therefore, we are requesting the following change.

Additions:

- Business Solutions Representatives (2)

We are requesting Governing Board approval to make this change to our staffing chart for the West Michigan Works! division of ACSET.
December 15, 2016

Jacob Maas, Executive Director
ACSET
1550 Leonard NE
Grand Rapids, MI 49508

Dear Mr. Maas:

This letter is to serve as notice that Barry Intermediate School District is in the process of review by legal counsel of our contract with ACSET to provide West Michigan Works services for the current fiscal year and to make an addendum to that contract spelling out the terms of separation of service between our entities.

Attached is a copy of a press release I have written to share with media and anyone who would like a basic statement on some comments that I made in a very considered manner at our board of education meeting a couple of days ago. I wanted to share a little more detail with you out of respect for our partnership in provision of Michigan Works services for Barry County. After each quote from the press release, I have elaborated a bit for you.

"Changes are in the works for the ISD’s relationship with the state jobs agency.” We have decided to be proactive in the face of a year-and-a-half of speculation as to whether ACSET will or won’t pull our sub-recipient status and go to a direct-service model. We intend to conclude our sub-recipient status after June 30, 2017.

“We will work with the regional entity to provide services for Barry County residents and businesses.” It is not up to me to recommend what course ACSET may take. You are, of course, required to provide services to Barry County as part of your service area in the southern half of Prosperity Region 4. We are open to facilities discussions with ACSET, although I believe another location might be more commodious in terms of parking, restrictions on clients with certain convictions in a school zone, etc. Direct serve versus another agency is a conversation for ACSET to have with the Barry County Commissioners.

"However, changes in the way the state contracts and delivers these services and the strain on our resources and potential liability to our core functions as an educational service agency make this a good time to shift West Michigan
Works back to direct service from ACSET or contracting with another, more appropriate agency.” ACSET failed to present us with a contract or budget till three months after the current fiscal year had started, and then threatened us with non-payment of claims till we signed an unfavorable document foisted upon us. No budget literally means that our general fund was threatened with liability. We proceeded on trust but cannot afford to do that again.

I do see continued cooperation with Michigan Works in the spheres of influence where our missions intersect—in providing career and technical education opportunities for students, as well as in many ways that we are both human service organizations. We are open to working with the Barry County Commission and with ACSET in every way to make as smooth a transition as possible for all the people of Barry County.

Sincerely,

Richard P. Franklin
Superintendent

Cc: Angela Barksdale, COO
West Michigan Works!
Barry Intermediate School District superintendent Rich Franklin told the BISD board of education Tuesday that changes are in the works for the ISD’s relationship with the state jobs agency. Franklin told the board that he is currently negotiating a contract for the 2016-17 fiscal year with an eye to ending the district’s sub-recipient contract status to run the agency.

“We will work with the regional entity to provide services for Barry County residents and businesses,” Franklin said. ACSET is the Grand Rapids-based agency that provides West Michigan Works services on behalf of the state for the portion of the prosperity region that includes Barry, Allegan, Kent, and 4 other counties in West Michigan.

West Michigan Works has been part of the Barry ISD family for nearly twenty years. “The natural fit between training and career assistance and an educational entity like Barry ISD has made this a great relationship,” Franklin said. “However, changes in the way the state contracts and delivers these services and the strain on our resources and potential liability to our core functions as an educational service agency make this a good time to shift West Michigan Works back to direct service from ACSET or contracting with another, more appropriate agency.”

Franklin told the board that while no action was required from them at this point, he was consulting with district counsel and would keep the board informed.
At a recent Legislative & Human Resources Committee meeting, the Community Development Department/Housing Commission shared its Performance Measurement (PM) Report. One of the questions directed to Interim Director Matthew VanZetten related to the appointment of a permanent Department Director. At that time, I shared that we would be scheduling a Board of Commissioners Work Session about this, and hoping to share an innovative idea after we had completed our due diligence, which was almost finished.

We recently completed our due diligence, which looked at potential methods to improve and streamline services as well as program delivery; better serve our clients; and gain financial efficiencies without sacrificing quality programming or services. At the Board of Commissioner Executive Committee on Thursday, December 15, I intend to provide more information about a potential merger of the County’s CDBG/Housing Commission and the Area Community Service Employment and Training (ACSET) Community Action Agency (CAA) Division into a new, combined County Department.

As you know, most recently, the County has “spun off” certain departments into independent organizations (i.e. – Airport, Zoo, network180), but we have also absorbed departments at various times in our history (i.e., Parks).

This unique opportunity initially surfaced while Michigan Works! programs from Allegan, Barry, Ionia, Kent, Montcalm, Muskegon, Ottawa and the City of Grand Rapids were discussing how they could integrate and become one workforce development organization under ACSET. At that time (2015), two Michigan Works! programs – ACSET (Allegan, Barry, Kent, Grand Rapids) and Ottawa County included a CAA, and ACSETs CAA only covered Kent County with Allegan and Barry covered by different CAAs. As the Michigan Works! merger occurred, Ottawa County kept its CAA and ACSET’s CAA Division remained within a larger organization, but only serving Kent County.

To that point, a few key questions came to the forefront of ACSETs expanded Governing Board:

1. Should a single county Community Action division remain a part of the current larger consortium?

2. Is there another agency with a similar boundary, mission, vision that focuses on our most vulnerable population, and can act as the backbone of administrative activities?
3. How do we ensure a smooth transition without being disruptive to the residents who are accessing services?

4. How do we create an organization that can braid resources and add access points to meet client needs for the whole county?

5. Are there other Michigan Works!/Community Action Agencies?

6. What are the strengths for reorganization and possible weaknesses?

ACSET’s Governing Board and staff considered various organizational options (creating a non-profit structure, creating a separate quasi-government organization similar to ACSET, or merging with a county government.) When exploring these options, it was clear to ACSET that the one with the most strengths, and to ensure a smooth transition with little disruption of services to the clients, was reorganization of the division within Kent County Administration. From ACSET’s perspective, a few key reasons why this makes sense:

1. While there are no CAAs that provide Michigan Works! programs there are several CAA agencies that are departments of county government. This allows for incorporating local, state, and federal funding to meet the needs of our residents. In addition, these agencies have done a great job at providing services and leveraging other resources. A few examples are Macomb Community Action, Washtenaw Office of Community and Economic Development, Ottawa County Community Action Agency, and Genesee County Community Action Resource Department.

2. Kent County has a long history of grant funding including federal, state, local and philanthropic, which can allow for an easy transition, quick turnaround for a revised cost allocation plan and an in-depth knowledge of required monitoring by federal and state agencies. Kent County currently runs Housing Choice Vouchers (Section 8 Housing) and Community Development Block Grant funds which will allow for better integration of services for our residents.

3. Keeping Community Action programs solely focused on Kent County will allow easier coordination of programs and initiatives concentrated on better alignment of services for the County.

4. Kent County has a long history of being ethically and fiscally sound. There can be some delays in reimbursement from funding agencies and Kent County is in a good position to be the backbone support.

5. The potential to co-locate service delivery throughout the county with other county services.

6. Stronger career pathways for ACSET staff who have great experience working with vulnerable populations.

When the CDBG Department/Housing Commission Director retired at the end of January, we decided to pause before posting the position, and review the CDBG Department/Housing Commission organizational structure and financing by appointing an Interim Director. This proved to be a wise decision and we have been able to think about a different future in a different way for the CDBG Department/Housing Commission than if we moved forward quickly with a hiring process.

As was shared during the Legislative & Human Resources PM presentation, the CDBG funds provided by the federal government have decreased from a high of $2.5 million annually to approximately $1.5 million today. One consequence has been the Department’s inability to pay cost allocation (internal services) which requires the General Fund and/or other departments to offset this loss. Moreover, unless additional funding is
identified, the ability to pay cost allocation (internal services) within the constraints of the current model are unlikely.

Over the past six months, various Kent County and ACSET staff along with representatives of Plante Moran have been working together, and independently, to vet a potential merger. We have looked closely at funding requirements, financial obligations, various staffing models, grant management needs, necessary office space, and service improvements for county residents if we were to pursue a merger that met both organizations’ needs. This has been done in a very professional manner with significant input by leadership of Fiscal Services, Human Resources, and the Administrator’s Office. At this point, we believe that a merger would benefit county residents through:

1. **Improved Services to Clients** – Both organizations have limited one-stop services to clients. Areas for improvement include –
   - Complementary Home Rehabilitation and Weatherization Services
   - Improved Coordination of Services for Housing Choice Voucher Recipients with CAA Services
   - Meeting Client Needs across the County through Satellite Opportunities

2. **Maintain Federal Funding** – Both organizations are at risk of federal fund recapture, which would reduce available funds to support the poor in Kent County. Areas at risk include –
   - Community Development Block Grant (CDBG)
   - HOME Investment Opportunity (HOME)
   - Continuum of Care Grants (previously Shelter Plus Care)
   - Community Services Block Grant (CSBG)

3. **Regionalization Concerns** – ACSET is the only Michigan Works! agency that operates a CAA, and that CAA only covers one county. Ensuring CAA funds stay in Kent County is a priority.

4. **Administrative Realities** – Federal funds require significant reporting requirements, but federal funds are not keeping pace with costs. Aligning necessary staff with funding is essential to ensure quality services to clients and meet federal requirements. The proposed model provides for cost allocation payments to Kent County, additional fiscal and CQI staff, as well as new case managers.

**Next Steps**
At the December 15 Executive Committee meeting, staff will provide additional information about the potential merger (Finances, Timeline, Service Improvements, Advisory Committees, other) and discuss how to share this information with the Board of Commissioners in the New Year.

It is our hope that we will be able to request formal approval by the Board of Commissioners in February 2017, and execute the merger by April 1, 2017 to coincide with the end of the first quarter/beginning of the second quarter 2017. If you have any questions about this prior to the Executive Committee meeting, please contact Wayman Britt via email (wayman.britt@kentcountymi.gov) or 616.632.7577.
ACSET’s Community Action Agency & Kent County’s Community Development Department/Housing Commission

A Potential Opportunity for our Community
A Potential Opportunity for our Community – The Why

1. Improve Services to Clients – Both organizations have limited one-stop services to clients. Areas for improvement include—
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   ▪ Improved Coordination of Services for Housing Choice Voucher Recipients with CAA Services
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A Potential Opportunity for our Community – Staffing

- **Leadership** – The proposed staffing model merges staff from both organizations with Susan Cervantes becoming the Director, Sherry Gillespie managing the CAA operations, and Darrell Singleton overseeing Community Development.

- **Additional Staff** – The proposed model includes:
  - 1.0 FTE – Dedicated Financial Analyst
  - 0.5 FTE – Continuous Quality Improvement Director
  - 1.5 FTE – Case Managers within the Housing Commission

- **Housing Commission** – The 1.5 additional FTE in the Housing Commission increases staffing from 2.5 FTE to 4.0 FTE. This will provide additional time for clients and create increased cross training opportunities for staff which will benefit clients.

- **Home Repair/Weatherization** – The current, part-time HQS inspector will become a full-time Weatherization Inspector I. HQS inspections will be shared between Home Repair and Weatherization staff that are all certified as Housing Quality Services inspectors.

- **Total FTEs** = 31.5
A Potential Opportunity for our Community – **Staffing**

- **Employment** – ACSET and Kent County have several differences in staffing. This includes, but is not limited, to the following:
  - Kent County pays higher wages than ACSET.
  - Kent County participates in Social Security, while ACSET does not.
  - Kent County provides a defined benefit retirement (i.e. pension) with employee contributions, while ACSET only has a defined contribution program (i.e. government equivalent of a 401k).
  - ACSET provides more paid time off (vacation, sick, personal, holidays) than Kent County.
  - Kent County staff is represented by the UAW, while ACSET staff is represented by the SEIU.
  - ACSET and Kent County health insurance options are relatively equal.

- **Staff Transitions** – Kent County will provide ACSET staff with Kent County wage and employee benefits based on the ACSET/Kent County Human Resource staffing comparison. In general, ACSET staff will earn more money, but lose time off. The major caveat is that because of **ACSET’s non-participation in Social Security**, the Social Security’s ‘windfall’ provision may require certain ACSET to retire for financial reasons. The windfall provision ensures staff which have **not** participated in Social Security cannot take a job with an employer that provides Social Security benefits unless they work for a number of quarters. Staff will be represented by the UAW since they are Kent County employees.
A Potential Opportunity for our Community – Budget

- **Current Budgets** – The CAA and Community Development budgets are approximately $6 million each, for a combined budget of $12 million.

- **Budget Projections** – The combined budget and staffing model demonstrates that over the next five years with current revenue sources and anticipated staff raises, the combined budget will:
  - Provide anticipated raises and still allow funding for necessary administrative costs (office, supplies, computers, conferences, etc.)
  - Ensure that current carry forward funds are available for use if need be
  - Provide full cost allocation payments each year for county overhead
  - Provide additional necessary support staff (i.e. a dedicated budget analyst and CQI analyst)
A Potential Opportunity for our Community — Location

- **Location** — The proposed location for the combined Department will be in the CAA Suite at the Kent County Human Services Complex (121 Franklin SE) in Grand Rapids. Opportunities for satellite offices in northern Kent County can be considered as Kent County reviews programming options in Cedar Springs.

- **Location Impact** — The proposed location(s) benefit clients.
  - The Human Service Complex does not have metal detectors, which will provide easier service access for Housing Commission clients and Community Development guests.
  - The Human Service Complex has public health services available (WIC, Immunization, other) along with MDHHS services (State Emergency Relief/SER, Medicaid, Emergency Services, Family Independence Program/FIP, other) which occasionally may support the needs of Housing Commission clients.
  - Clients in northern Kent County will benefit if a satellite office is opened.
A Potential Opportunity for our Community – Boards

- **CAA Advisory Board** – The Community Action Agency has a required, tri-partite advisory board with representatives from local government, agencies, and clients, which meets monthly. The Kent County Board of Commissioners has a robust appointment process with annual solicitation, commissioner interviews, and appointments. The advisory board would provide an important role to ensure quality services are provided that meet community need.

- **Housing Commission** – The Kent County Board of Commissioners appoints Housing Commission members through the appointment process. The Housing Commission approves budgets Housing Commission budgets, and works with the County to provide necessary administrative services.
A Potential Opportunity for our Community – **Opportunities**

- **Needs Assessment** – The Community Action Agency regulations, Community Development Block Grant, and Affordable Care Act all require a community needs assessment. Considering the social determinants of health, there is a unique opportunity to align the assessments and services for Community Action Agency, Community Development and the Health Department. This provides an opportunity to impact community in a more strategic manner.

- **Branding** – The proposed merger allows for a new brand to emerge. Both organizations are not well known, and are occasionally viewed negatively. A merger allows for an intentional rebranding with community outreach and better messaging about the services provided.