

**WACOSA Board of Directors Meeting
November 25th, 2019
5:15 PM – 8:00 PM**

Members Present:

Jon Archer
Ron Brandenburg
Zachary Dorholt
Jennifer Johnson
Jeff Murphy
Karla Myres
LeRoy Northam
Joe Perske
Cherie Scofield
Jeanne Theis

Members Absent:

Herb Trenz

Staff Present:

Nancy Betts
Steve Howard
Ann Kennedy
Traci McKinnon
Sarah Starling
Beth Sueker
Sandie Westergren

- 1. Welcome – happy holidays!**
- 2. Honor outgoing member, Ms. Jennifer Johnson – Thank you for your dedication and service.**

Mr. Steve Howard presented Ms. Jennifer Johnson a clock for her time and a plaque to recognize her previous service as board secretary. The board and WACOSA staffed thanked her for her commitment.

- 3. Review of agenda – additions/changes**
- 4. Approval of Minutes from October 14th, 2019 Meeting**

Motion by Mr. LeRoy Northam, seconded by Ms. Karla Myres, to approve the October 14th, 2019 meeting minute with the amendment of changing Mr. Jeff Rausch to Mr. Jeff Voit. Motion passed.

- 5. Finance Committee**
 - a. Approval of annual budget**

Ms. Traci McKinnon stated the 2020 Budget was prepared on actual revenues and expenses from October 1st, 2018 through September 30th, 2019. In the prior years, the budget was based on annualized numbers which were not a true picture of what was actually received or spent during the last months of the year. By using actual figures, we are getting a more accurate pictures of revenues and expenses.

Program Service Income is budget to be \$7,137,433. Program service revenue increased by approximately 4% of 2018/2019 actual revenue. The increase is due to analyzing what WACOSA received in actual payments for the 3rd quarter of 2019 and comparing it to the actual in yearly

total for 2018/2019 period. In previous years it was based on the average rate, number of FTEs and number of days. With the new rate structure those numbers are no longer available. For budgeting purposes, individualized rate setting continues to be in flux, with on-going negotiations, occurring at the state level to finalize how per diems will be calculated and paid to vendors statewide. WACOSA addressed this uncertainty by annualizing the 3rd quarter of 2019 actual revenues as most of the contracts have been updated for the 2020 contract period. Mr. Jon Archer stated the unbanded rates we have seen at our 1st Ave location are coming in higher than we originally anticipated.

Another area of program revenue increase was in the Vocational Rehabilitation Agreements. More clients are being placed on the PBAs some will be successful and others will be brought back for multiple placements. This is why WACOSA has had to add more job coaches to the payroll.

County Per Diems for EE have decreased as the Counties are trying to put more clients on the DD waivers and off the County waivers.

The State EE Grant increased from \$115,000 to \$139,000 in 2019. The reason for the increase in the grant is due to the rates increasing. WACOSA also over spends their grant dollars and receives additional dollars from the organizations that do not spend their grant dollars.

Vocational Income is budgeted to be \$1,937,503. As a whole, vocational income is budgeted to stay flat in 2020 over 2018/2019 actual revenue. The reason is due to Community Crew income showing 2% increase; Production income is expected to decrease by 8% due to the loss of Electrolux; Shredding income is anticipated to increase by 8%; and ThriftWorks! revenue is anticipated to increase by 5%. EE Vocational income is expected to decrease 10% due to crews losing some larger contracts and decrease 5% for production in-house.

Contributions is budgeted to be \$594,900. Contributions are budgeted to decrease by 4% over the 2019 budget. It is anticipated there will be a higher participation in the special events, two 5310 grants will awarded, increase in designated donations, and general donations being consistent with prior years.

Staff Wages and Related Costs are budgeted to be \$6,795,493. Overall staff wages and related costs are budgeted to increase by approximately 9% over the 2018/2019 actual expenses.

WACOSA has budgeted for an additional pay increase of 2% starting in October of 2020 which would be approximately \$27,000 for the three months. In 2019, direct support staff were given \$1.00/hour pay increase and the rest of the staff were given a 2% adjustment in October. Once all adjustments were made, it was determined that only 94% of the wages were being utilized due to open positions, staff taking unpaid leave, etc.

Worker's Compensation premiums are expected to increase 3% due to large claims the last three years. Worker's Comp has not answered our request for anticipated rates at the time of budgeting.

Health Insurance premiums from our provider increased by approximately 9% over 2019. In

2019, WACOSA eliminated all but one plan to get a better rate. WACOSA will offer a high deductible \$3,000 at the cost to the employees of the 2019 high deductible \$4,000. We lowered our deductible as this was a request from the employees. This year we are utilizing the Nice Program to provide video or house calls to employees and their dependents for \$5.

In 2020, WACOSA has budgeted up to a 2.5% match for the 401(k) plan with only 60% participation. While not as much as WACOSA hopefully plans to contribute in future years, this match represents our good faith effort to bring the plan back step-by-step. Growing the match will be expensive and it had not been offered for several years.

Consumer Wages and Related Costs are budgeted to decrease in 2020 over 2018/2019 actual expenses. The reason for this relates to loss of Westrock and Electrolux.

Program and Office Supplies are budgeted to be \$109,600. They were increased by 10% over 2018/2019 actual expenses. Supplies will be closely monitored and any unnecessary expenses would be cut.

Building and Equipment Costs are budgeted to be \$586,855. They increased by 24% over the 2018/2019 actual expenses. The reason for this increase is due to the addition of a new location; our aging equipment; equipment repairs; aging buildings; and snow care.

Advertising and Public Relations is budgeted to be \$103,744. Overall, this budget for 2020 has increased 34% over the 2018/2019 actual expenses. The reason for the increase is due to more competition in the shredding arena, trying a new event and format, and the branding of WACOSA as a whole.

Transportation costs are budgeted to be \$495,538. This is an increase of approximately 4% over 2018/2019 actual expenses. Vehicle fuel represents the greatest reason for the increase in this number. The increase in fuel amount is due to the addition of the 1st Avenue location. Additionally, WACOSA has decided to lease four additional new vehicles in 2020. The decrease for vehicle maintenance is being budgeted at \$107,000 for 2020 as there should be less maintenance with new vehicles.

Miscellaneous Other Expenses are budgeted to be \$676,378. The majority of this increase consists of depreciation expense. The reason for the increase in depreciation expense was the new leased vehicles, new equipment, and new location. This includes a new trash compactor for ThriftWorks! and 4 new vehicles coming next year.

Mr. Jeff Murphy asked if we could decrease our expenses more if the new contracts were budgeted for do not come in. Ms. McKinnon stated we have two sales people helping us branch out at this time and less contracts would decrease the costs for client wages.

Mr. Steve Howard stated our budget for 2020 is cautiously optimistic.

Mr. Jon Archer stated we can do a revised budget during 2020 if the contracts and new work do not come in as expected.

Motion by Ms. Cherie Scofield, seconded by Ms. Jeanne Theis, to approve the 2020 Budget as presented. Motion passed.

b. Review/approval of September financials

Ms. McKinnon stated September program revenue was under budget by \$3,861 for the month. We remain under budget for the year by \$144,608. The biggest part of the shortage is in the area of MA and Vocational Rehab funding being over budget.

September vocational revenue was under budget by \$15,389 for the month and over budget \$76,825 for the year. Year-to-date community crew income was under budget by \$19,672; production revenue was over budget by \$65,049; shred revenue was over budget by \$7,173; and ThriftWorks! revenue was over budget by \$12,168.

September donation revenue was under budget by \$49,000 for the month and under budget by \$162,912 for the year.

Staff wages and related costs were under budget by \$47,014 for the month of September and under budget year-to-date by \$386,692. The reason for the decrease was due to the open positions that were anticipated to be filled.

Net health insurance/life benefits were over budget for September by \$20,505 and under budget for the year by \$186,972. Ms. McKinnon stated we have not seen staff using their insurance at the end of the year as much as we have seen in previous years.

Client wages and costs were under budget for September by \$6,432 and over budget for the year by \$11,517.

Building and equipment costs were under budget for the month of September by \$10,049 and under budget year to date by \$65,700. The subcategories that make up the greatest part of the \$65,700 is building and ground maintenance which is under budget for the year by \$16,230; equipment under \$1,000 which is under budget for the year by \$34,605; snow and lawn care is as expected; and equipment maintenance which is under budget for the year by \$2,800.

Advertising and public relations were under budget for the year by \$42,206 due to more advertising being done closer to the end of the year and the holiday season.

Transportation costs were under budget year-to-date by \$41,691. Contracted transportation was under budget by \$12,250; vehicle fuel was under budget by \$32,044; and vehicle maintenance was over budget by \$9,040 which is due to an aging fleet.

Professional fees were under budget by \$10,295 and over budget by \$17,580 for the year. Those expenses will even out as this account is annualized over the entire year.

Motion by Mr. Jon Archer, seconded by Mr. Ron Brandenburg, to approve the September Financials as presented. Motion passed.

c. Annual distribution

Ms. McKinnon stated the staff can currently approve up to \$40,000 for an annual distribution without board approval. She requested raising that number to \$50,000. We have gained more staff since the amount originally was approved without ever raising it. It would increase the amount by approximately \$50 for a full-time staff who worked all year. The \$50,000 amount is already included in the 2020 budget.

Motion by Mr. Jon Archer, seconded by Ms. Cherie Scofield, to approve raising the limit for the annual distribution from \$40,000 to \$50,000. Motion passed.

d. Review/approval of any changes in financial designations

Ms. McKinnon stated the financial designations are required to be set aside in case WACOSA closes or has a disaster that displaces our staff. She adjusted the length and percentage of staff that would claim unemployment based on the current job market. These designations are required for our year end adjustment.

Motion by Ms. Cherie Scofield, seconded by Mr. LeRoy Northam, to approve the 2020 Financial Designations as presented. Motion passed.

6. Executive Committee

a. Signing Board Code of Conduct, Confidentiality, and Conflict of Interest

Mr. Howard requested all board members, non-board committee members, and WACOSA Admin staff sign the Code of Conduct, Confidentiality, and Conflict of Interest forms and return them. These are a CARF requirement and best practices to keep updated. There have been no changes to the forms over the past year.

b. Discussion of board member recruitment process

Mr. Jeff Murphy stated board members provided names and are following up with perspective board members. The process is continuing to move forward.

c. Mr. Steve Howard's involvement in the Executive Committee

Mr. Murphy stated that Mr. Howard will attend and participate in the Executive Committee meetings, though he will leave early so the board is able to discuss any secret board stuff.

7. Human Resources Committee

a. Development of HR metrics

Ms. Sandie Westergren stated she and Mr. Herb Trenz have identified the HR metrics they want to include: turnover, unemployment numbers and monetary amount, health insurance claims,

absentee trends, and annually reporting on staff diversity.

b. Org Chart review

Ms. Westergren stated we flipped our Org Chart upside down, keeping the clients at the top. Mr. Murphy will email it to the board.

8. Program Committee

a. Site updates

Ms. Nancy Betts stated staffing continues to be a priority at all locations. Whitney is stable. Sauk Centre is mostly stable, but they are seeing a slight decline in client numbers. We may look into providing senior services in the area to better meet their needs. 1st Ave is doing well. We lengthened the client work days and that has allowed more clients access to the community. ThriftWorks! staff and volunteers are doing well. Their biggest hurdle right now is the amount of trash they are managing.

b. CAM meeting updates

Ms. Betts stated the Client Advisory Meetings are being held quarterly at each location and shift. For the most part, clients are happy at WACOSA. They want more work and to go out to eat more. They are concerned about Electrolux leaving and the decrease they may see in their paychecks.

c. VA report update

Ms. Betts stated there was nothing to report.

d. DHS licensing review update

Ms. Betts stated DHS only had minor corrections. We need to do more training with our staff at 1st Ave on their equipment, adjust the training calendar, and make client goals more personalized and have a formal plan to help them reach them.

Mr. Howard stated we are expecting them back again in about three years.

e. Program Committee structure

Ms. Betts stated they are leaving the structure as it is for the time being.

9. Director's Report

a. Brainstorming Meeting minutes for October

Mr. Howard stated the minutes from the last brainstorming minutes from the last meeting are in

the board packet. Anyone is welcome to join the meetings and the next will be held in December.

b. Update on replacement of Electrolux work

Ms. Beth Sueker stated we are working with several new companies and individuals for client work. One job is Sewer Skewer which is a multi-part assembly job with high demand currently. SpeeDee Delivery has been housing production jobs and distributing them and they have given us leads and jobs from their clients to work on.

A representative from Midwest Special Services has been working with Ms. Ann Kennedy as a sales representative. He has been in the industry for a while and has many connections with different businesses. We are working out the legal side of working with Mr. LASTNAME then he will start trying to get new work for us.

Mr. Howard stated we have not made more progress on the Discount 70 store, but the idea is still floating as an option.

Ms. Kennedy stated we are discussing an opportunity for 30 to 40 clients to work off-site for a local company.

c. October metrics

Mr. Howard stated we served 623 persons in October, produced 8 new in-house work opportunities for the month and 145 for the year, and produced a total of 66 in-house jobs for the month and 306 for the year.

Company-wide turnover is at 18.5% for the year compared to 22.75% at this time in 2018. DSP turnover is 19.45% for the year compared to 29.82% at the time in 2018. Ms. Westergren stated the October turnover is higher than other months because it is the month when we terminate inactive employees.

ThriftWorks! revenue was approximately \$6,000 over budget for the month and \$15,000 for the year. Docushred revenue was approximately \$6,000 over budget for the month and \$13,000 for the year.

Update on Channel 5 Interview

Mr. Howard stated he the news crew has been stepping up and fairly and respectfully portraying WACOSA.

Mr. Howard received an incident response guide from another company and would like to develop our own for WACOSA.

Staff are dismissed. Board members asked to stay for Executive Session.

10. Motion by Ms. Karla Myres, seconded by Mr. LeRoy Northam, to authorize Mr. Jeff Murphy and Mr. LeRoy Northam to meet with DAYTA Marketing to explore and, if appropriate, authorize a Google Drive option for file sharing. Motion passed.
11. Motion by Mr. Zachary Dorholt, seconded by Ms. Jeanne Theis, to approve: Mr. Jon Archer, Mr. Ron Brandenburg, Mr. Jeff Murphy, and Mr. LeRoy Northam for a 3-year board seat renewal. Motion passed.
12. Motion by Ms. Cherie Scofield, seconded by Mr. Zachary Dorholt, to approve the following people as officers and signers: Mr. Jeff Murphy as Chairman, Mr. LeRoy Northam as Vice Chairman, Mr. Ron Brandenburg as Secretary, and Mr. Jon Archer as Treasurer. Motion passed.
13. Motion by Mr. Jon Archer, seconded by Mr. Zachary Dorholt, to approve Ms. Jennifer Johnson as Chair of the Program Committee. Motion passed.
14. Motion by Mr. Jeff Murphy, seconded by Ms. Karla Myres, to approve Ms. Laura Krueger as a new board member and Chair of the Communication Committee. Motion passed.

15. Motion to Adjourn

Motion by Mr. Jon Archer, seconded by Ms. Scofield, to adjourn the meeting. Motion passed.

Next Meeting: January 20th, 2020

LeRoy Northam, Board Secretary

Date