



NOVA Workforce Board
December 1, 2021 Meeting Minutes

PRESENT: D. Bini, V. Dang, R. Foust, H. Goodkind, P. Guevara, B. Guidry-Brown, E. Hamilton, N. Leonor, S. Levy, A. Manwani, J. Morrill, S. Porter, J. Ruigomez, A. Switky, K. Vartan, and N. Williams

ABSENT: M. Alvarado, T. Baity, S. Borgersen, R. Brunson, C. Cimino, L. Dalla Betta, C. Galy, L. Labit, J. Miner, and L. Parris

ALSO PRESENT: M. Sessions, J. Cheyer, D. Gamble, L. Jackson, C. Stahl and E. Stanly of NOVA staff; and guest C. Dunklee of Sunnyvale Public Library

Meeting was held remotely via videoconference call.

1. CALL TO ORDER

Co-Chairperson A. Switky called the meeting to order at 12:00 p.m.

2. PUBLIC ANNOUNCEMENTS

No public announcements.

3. APPROVAL OF AGENDA

It was moved by A. Manwani, seconded by R. Foust and carried by voice vote to approve the agenda as submitted.

4. REPORT FROM THE CHAIR

4A. Welcome New NOVAworks Director Marléna Sessions: The director has a passion for workforce development and considers it a priority and her life's work. She thinks of herself as a caretaker of what's already been done at NOVA. She was trained by the former director and is committed to maintaining the financial infrastructure. She is interested in meeting this moment in time with a big sense of urgency, while looking ahead to the future and keeping an eye on what is coming. She values the Board's guidance and input. Her priority is finding workers jobs and finding workers that are not returning to NOVA for services. She also views herself as a caregiver and supporter of staff.

4B. Presentation from Board Member Kirk Vartan on Employee Ownership and Worker Cooperatives: K. Vartan, General Manager, President and Founder of A Slice of New York presented on employee ownership and worker cooperatives. Highlights of the presentation included, but were not limited to:

- While each cooperative is unique, they all share seven cooperative principles: Voluntary Open Membership, Democratic Member Control, Cooperation Among Cooperatives, Autonomy & Independence, Member Economic Participation, Concern for the Community, and Education Training and Information.

- There are three kinds of Employee Ownership models: 1) Employee Stock Ownership Plan (representing >6,500); 2) Worker Cooperatives (representing <600 in the US) that will be the focus on the presentation; 3) Employee Ownership Trusts (almost none).
- Employee Stock Ownership Plans (ESOPs) are qualified retirement plans that transfer all or a portion of the company's stock into a trust administered on behalf of the employees. It is highly regulated and not typically democratic. Worker-Owned Cooperatives (WC) are fully employee-owned businesses. The employees share in both the equity and the governance of the business. They have lower start-up costs and allow workers to make decisions as business owners. Governance is democratic. Employee Ownership Trusts (EOTs) safeguard EO by combining a trust with aspects of a worker cooperative. It ensures perpetual ownership by employees.
- There are different types of cooperatives: consumer cooperatives where members are buying together (REI co-op), producer cooperatives where members are selling together (California Dairies, Mission City Federal Credit Union), and worker cooperatives where members are working together (A Slice of New York, Niles Pie, Rainbow Grocery, and Arizmendi)
- A Worker Cooperative is member owned, member controlled and member benefiting. It is run by the democratic principle of "one member, one vote." It is typically led by member-elected board of directors. By comparison, an investor-owned company operates with the principle of more shares, more votes and is led by outside shareholder-appointed management. Worker Cooperatives function similar to City government with the operating agreement as the charter, the general manager as the city manager, the elected board as the City Council, and members as the residents.
- There are four core reasons why businesses choose to convert to a worker cooperative: 1) As an exit strategy for the owner, whether leaving for retirement or other reasons 2) As a component of the business' mission, recognizing the employees as an important stakeholder group 3) To create wealth-building opportunities for employees, especially in lower-wage sectors 4) Because it's good business: employee-owned businesses have demonstrated their ability to be more financially successful than their peers, and to weather economic storms more effectively.
- In looking ahead, only 15% of businesses plan to pass their business on to the next generation; 6 out of 10 business owners plan to sell their business in the next decade; as most retire, our local business landscape is about to go through a dramatic shift; and Baby Boomers own almost half of all privately-held businesses in the Bay Area, so these companies will be in flux. They represent 63,640 businesses, 625,900 employees, \$36.62 billion in payroll, and \$149.5 billion in sales.
- The Main Street Employee Ownership Act (H.R. 5236) of 2018 was passed by Congress but not funded. Representative Ro Khanna is providing leadership on next steps. The bill provides directives to the Small Business Administration to finance the transition of existing businesses to worker-owned companies; training and education around worker cooperatives; and tracking lending and support provided to employee-owned businesses. Locally, this is good business for cities to support. The City of Santa Clara has created a worker cooperative initiative, with \$100,000 in funding, to provide awareness and education for small business owners. It also serves to support small businesses remain in the local community.

- There are a variety of worker-cooperative resources and worker-cooperative support organizations in California that include but are not limited to: Democracy at Work Institute – Municipal/Business Technical Assistance (<https://institute.coop>), Sustainable Economies Law Center – Co-op Legal Services (www.theSELC.org), Project Equity – Business Technical Assistance (<https://project-equity.org/>), US Federation of Worker Cooperatives – National Support (<https://www.usworker.coop/home/>), California Center for Cooperative Development – Technical Assistance (<http://www.cccd.coop/>), East Bay Community Law Center-Legal Services (<https://ebclc.org/>), Seed Commons – Financial – (<https://seedcommons.org/>), The Working World – Financial (<https://www.theworkingworld.org/us/>), Worker-Owned Recovery California (WORC) Coalition – State policy focus (https://www.theselec.org/worc_coalition), and A Slice of New York’s Resource Kit – collection of information (<https://asonry.com/coop/>). In addition, mini training sessions are being planned through Mission College’s entrepreneurship program in continuing education.

This is an interesting moment for cooperatives. The new age of internet 3.0 is about democratizing access to the values that are created through cooperation. Creators as owners. Cooperatives are significantly ahead of the trend, yet there are barriers to adoption. The biggest obstacle is building awareness about it and addressing any issues that may arise. And government assistance is not needed to help with this. There are efforts being made to pass legislation to raise awareness about this model. The hesitancy of new or established businesses to embark on this endeavor is due to a lack of information/resources of what’s available to them. Worker-owned cooperatives may not be the best fit for every business, but employees should be asked and those who are interested need to start the conversation. Worker-owned cooperative models can work across any industry sector in products, manufacturing, marketing, childcare, landscaping, retail, etc.

4C. January 26, 2022 Board Retreat: The Board retreat is scheduled for Wednesday, January 26, 2022 (12:00 p.m. to 2:00 p.m.) and will be held remotely again this year using a condensed format. There will be presentations from the director and S. Levy, a keynote speaker with a focus on a data-driven perspective on equity and diversity, and breakout group discussions.

5. REPORT FROM THE EXECUTIVE DIRECTOR

Director M. Sessions reported out on the following item:

5A. Introductory Reflections: During the first few weeks, there are several areas that have risen to the level of importance that will be the focus of the organization’s work in the coming months: 1) adult and dislocated worker services in San Mateo County will be procured in the spring through an open and fair procurement process; 2) San Mateo County is exploring how best to design a workforce development program for its residents that utilizes the federal American Rescue Plan Act (ARPA) recovery funding. NOVAworks is participating in this process and is expected to receive future funding; 3) NOVAworks needs to continue to be competitive for future funding. It is exploring collaborating on a new initiative through the federal U.S. Economic Development Administration Good Jobs Challenge program as part of national “Build Back Better” efforts. And, thanks to support from the San Mateo County Economic Development Association, NOVAworks Foundation has been awarded a \$250,000 Google grant to fill gaps in services and support new ventures that WIOA can’t fund. 4) Director will be reaching out to Board members individually to get to know them better and to learn more about their interests and goals for the Board’s work.

6. PUBLIC HEARING

6A. Approval of Minutes of September 22, 2021 Meeting: It was moved by J. Ruigomez, seconded by P. Guevara and carried by voice vote to approve the September 22, 2021 minutes as submitted.

6B. GENERAL BUSINESS:

6B1. Election of NOVA Workforce Board Officers for Calendar Year 2022: As stated in the Board Bylaws, the election of Board officers takes place at the last scheduled Board meeting of the calendar year. This year it will be held at this meeting. The Executive Committee determined the need for two chairperson seats at its October meeting because of the changes and opportunities facing the Board in the coming year. The Board officer seats include: two co-chairperson seats that WIOA requires represent business and two vice chairperson seats that the Bylaws specific one must represent business and one must represent the public sector. The term of office is for one year, although individuals currently holding office may run again. The slate of prospective candidates for the election of board officers for 2022 is: Co-chairpersons J. Morrill and A. Switky, and Vice Chairpersons R. Foust (private sector seat) and P. Guevara (public sector seat). There were no nominations from the floor. It was moved V. Dang, seconded by A. Manwani and carried by voice vote to approve the slate of candidates for 2022 Board officers.

6B2. Report-out from Finance/Audit Subcommittee: Acceptance of Year-End Financial Statement: The Finance/Audit Subcommittee of the Executive Committee is charged with reviewing the organization's financial statements to ensure fiscal accountability and make recommendations, as appropriate, to ensure the sound fiscal health and sustainability of the organization. On November 8, the Subcommittee met and reviewed the financial and performance data and audit and monitoring reports for the past year. Every year, the challenge for staff is managing multiple funding sources and achieving WIOA performance goals and goals for each of the individual grants that NOVA receives. This has been consistently achieved for many years. For Program Year 2020 Year-End Financial Statement, available funding for NOVAworks was \$11.010 million, with spending to date at \$8.564 million and leaving a balance of funding of \$2.446 million. For Program Year 2020, NOVAworks met or exceeded most of its WIOA performance goals. For example, NOVA achieved a 126.5% and 219.7% success rate on median earnings for adults and dislocated workers, and 111.1% and 120.1% success rate on credential attainment for adults and dislocated workers. There was just one indicator, employment quarter four for adults, that was scarcely .1% below the expected goal. Given the economic impacts of COVID-19, NOVAworks exceeded expectations and performed better than most local workforce boards facing similar challenges. The audit and monitoring reports were reviewed and had no significant findings. It was moved by R. Foust, seconded by V. Dang and carried by voice vote to accept the Program Year 2020 Year-End Financial Statement.

6B3. Approval of Continuous Improvement Plan; WIOA Comprehensive, Affiliate, and Specialized Certification: Every three years, WIOA and the State require that local workforce boards apply for recertification of America's Job Center of California (AJCC) comprehensive, affiliate, and specialized job centers. While this is a compliance requirement, the intent is to ensure that the AJCCs effectively deliver and continuously improve services to job seekers and employers. For NOVAworks, the comprehensive job center is the Sunnyvale Job Center, the affiliate job center is operated by the Central Labor Council Partnership in San Mateo, and the specialized center for youth is operated by JobTrain in Menlo Park. This year, the application for recertification was due November 1. In lieu of a Board meeting, the Executive Committee approved the application at its October 20 meeting for submission to the State. The three AJCC centers comply with all WIOA and

State regulatory requirements and have demonstrated resilience during these unprecedented times to continuously improve services to customers. This action is being forwarded to the Board for information. Because NOVAworks is a one-stop operator, the State is responsible for final approval.

The second part of the AJCC certification requirement is the development of a Continuous Improvement Plan that is not part of the initial submission and must be approved by the local workforce board by December 31. The Continuous Improvement Plan incorporates elements included in application and changes that have occurred due to the pandemic that have been beneficial to customers. Highlights of the plan include: the launch of the hospitality industry initiative to address inequities in access and hiring; support for staff development through in-person and virtual trainings to enhance core competencies; engage stakeholders through virtual quarterly meetings to promote participation and build effective partnerships; provide tools to employers for skills-based hiring; host employer job fairs and forums both in-person and virtually; and utilize labor market intelligence and other resources to make informed decisions. It was moved by J. Morrill, seconded by B. Guidry-Brown and carried by voice vote to approve the Continuous Improvement Plan for the NOVA workforce area comprehensive, affiliate and specialized job centers. The Board will be updated on the progress achieved with this plan in the future.

6C. DISCUSSION:

6C1. Opportunity for Dialogue among Board Members and Director: A pilot program could be used to support feasibility analysis for worker-owned collaboratives before they become collaboratives. Peninsula Family Service (PFS) is partnering with Santa Clara County Board of Supervisor Joe Simitian to host a January 27 Zoom forum on aging and employment. This is a great opportunity to build awareness about the Mature Worker Program, a partnership of PFS and NOVAworks.

6D. GENERAL INFORMATION:

6D1. Grant Status/Status of Funds: The reports were included in the meeting packet.

6D2. 2022 NOVA Board Meeting Schedule: The schedule was distributed in the meeting packet.

7. **ADJOURNMENT**

The meeting was adjourned at 1:30 p.m.