

MICHIGAN WORKS! WEST CENTRAL  
WDB/LEO JOINT MEETING  
REED CITY WORKFORCE SERVICE CENTER  
WEDNESDAY, FEBRUARY 7, 2018

MINUTES

LEO Members Present

Andersen, Janet  
Byl, Larry  
Emig, Larry  
Hogenson, Tom  
Johnson, Les  
Ortwein, Chris  
Walls, Karl  
Willett, Vern

LEO Members Absent

Howard, Linda

WDB Members Present

Cooper, David  
Frey, Amy  
Kosheba, Dan  
Marek, Ron  
Massy, Dan  
Merriam, David  
Pasley, Julia  
Roberts, Carla  
Schurkamp, Christine  
Smith-Olson, Debbie  
Visser, William  
Vyse-Staszak, Janet

WDB Members Absent

Bell, Tamara  
Eisler, David  
Fisk, Dena  
Griffin, Nancy  
Gustad, Eric  
Romanowski, Cynthia  
Splane, Rob  
Stark, Liz  
Thompson, Sheri  
Trucks, Mary

Michigan Works! West Central Staff

Bennett, Merri      Griffith, Paul  
Campbell, Rebecca      Keene, Shelly  
Eppley, Jonathan

Others Present

Albanesi, Angie – Hope Network      McGee, Marina – Simonds International  
Bozeman, Jerri – Hope Network      Spedowske, Gretchen – NCRESA  
Campbell, Dave – Simonds International      Sweigart, Lynda – Hope Network

Call to Order

WDB Chairperson, Debbie Smith-Olson brought the joint meeting of the Workforce Development Board/Local Elected Officials to order at 12:44 p.m. at the Reed City Workforce Service Center. A quorum is present of both the WDB and the LEO.

### Welcome New Board Member

- ◇ WDB Member – Amy Frey, Yoplait

Amy was welcomed; looking forward to working with her.

### Introduction of Guests

Guests were introduced and welcomed.

### Consent Agenda (*Action Item*)

- ◇ Minutes of December 6, 2017 WDB/LEO Joint Meeting – Emailed Prior
- ◇ December Financial Report – Emailed Prior/Handout (Goldenrod)

**Carla Roberts moved to accept the Consent Agenda as presented; supported by Larry Emig; motion accepted unanimously by both the WDB and the LEO. 12:47 p.m.**

### Showcase: Dave Campbell, Plant Manager & Marina McGee, Procurement Manager Simonds International, Big Rapids

Dave Campbell, Plant Manager of Simonds International participated in STTF last year and had a very successful training – trained 14 different people, some production, and some office; they continue to reap the benefit of that training even yet. It has changed some of the management practices and he really appreciates the support from Michigan Works! – especially Jon & Merri.

Dave Cooper, Whitehall Industries and David Merriam, Leprino Foods both stated they had received funds from STTF as well and it was very beneficial.

Simonds' focus is on a dilemma they deal with on a daily basis but also what he calls unintended consequences of governmental decisions even to a relatively small business like Simonds. Simonds

does about \$50 million in sales and about \$3 million in wages in Big Rapids. While they are not a huge player in the area – they do play a significant part in the town and those that work at Simonds.

In Big Rapids Simonds buys steel – about four to five million pounds of steel a year – it is a very real dilemma from a management stand point and a cost standpoint. This is about 65% of the overall expenses. The steel comes in bundles and each bundle is about 2,000 to 2,500 pounds. There are a number of overhead cranes in the building to move this raw material.

Simonds makes two types of products – knives and saw blades. These are not the kind of knives that are put on the kitchen table they are knives for cutting wood. They range from eight to ten pounds and the largest one is 80 to 100 pounds. About 1,800 knives are done per day and takes about 50 direct labor people to do it. These knives are also used to make a variety of tools for cutting wood, whether plywood, pressed board, biomass, or paper.

The sawblades are not ones you find at Lowe's they make about 2,500 to 33,000 a year with about nine people. They range from 14 inches to 84 inches. The 84 inch saw blade weights about 700 pounds and spin at about 1,000 rpms. This necessitates having people with special skills – they are really blacksmiths because when the customer runs that saw blade centrifugal force is going to make it want to stand up. These people shape this steel in a specific curve with a specific tension so when it gets to the mill and it spins, it cuts the log the way the customer wants it. Simonds has some really skilled individuals working here in Big Rapids. These saw blades are used for cutting hardwoods, soft woods and making paper. They do not make the 96” saw blades anymore because they cannot afford to buy the steel. This was something they knew was coming so they worked with customers to change them over to 84s or 72s. This all has to do with managing the steel.

Dave also touched on something that is important to him personally – Big Rapids is a great place to do business, he likes to get involved with the community – Simonds is not a very pretty building – it's old and dirty and everyone wonders why that big ugly building is by the river. A personal goal of

his is to improve and enhance the image of Simonds in the community because they have some great people and do some great things.

They worked with Jenifer at the Chamber of Commerce, and made a donor wall for them. Simonds cut small saw blades and the bigger donors got bigger saw blades. Meijer got a big saw blade, Isabella Bank got a big blade and it was all done for free. Simonds name is on these, so it is personally for him – it is important that Simonds be a part of the community. They hire from this community and want this company to have a good reputation, a place where people say, “Yeah I know Simonds, they're cool.”

Simonds can make any sawblade you want, last year Simonds made one for Darrell Marvel. He designed it with a guitar cut out in it a body of a car that is set in lake and trees. It took the engineer 12 hours to program it and Darrell got it for \$250.

Their first robotic program also provides some internships because it is important for the welling being of the company.

To help the Boards understand the dilemmas they struggle with relative to the market and the raw material in the steel business, Simonds gets a high level monthly forecast of what the sales are going to be every month. He develops a production plan. The sales may say they going to sell 15,000 chipper knives. There are 3,000 different chipper knives and they range from five pounds to 80 pounds – so if selling 5 pounders that makes a difference than selling the 80 pounders. He works off historical usage data, all kinds of mixes and other things and comes up with what they need to do. They have to figure out how to make this 1,500 to 1,800 pieces a day out of 3,000 plus individual items that could weight 300 pounds each; some are made for stock and some are made to order.

Raw material needed is about 80,000 pounds a week for 78 distinct items with very limited sources. There are only four mills in the world that they are aware of that make the type of steel Simonds needs. Two in Europe and two in China, there are no mills in the United States that make

the kind of raw material Simonds needs. There is no domestic warehousing. Marina has to figure out seven months in advance what Simonds will need. This involves working through the import tariffs that have been applied by the current administration. Of course there is always pressure to not have too much on hand because this is cash. So all she has to do is don't run out of anything, don't have too much and make sure it's cheap.

Marina McGee explained that some of the current tariffs have been in place for some time. She sends out Request For Quote (RFQ) to these four companies. The average cost per pound was \$1.15, now it is \$1.67 per pound.

She negotiates with buyers to warehouse some of the product. The key point for the tariffs is that US companies don't even make this grade of steel. So it is not even available from US companies. Their major competitor for these knives and saw blades is in the Czech Republic who can bring in knives with no tariffs on them and they can buy steel with no tariffs. The impact to Simonds is major. A major equipment manager in mid Michigan, not too far from Big Rapids, sourced all their knife demands to that company in the Czech Republic. If Simonds had gotten the job it would have been six to eight jobs. A good working relationship is maintained with that company but they opted, for good financial reasons, to do business with them instead of Simonds. The magnitude of the numbers is one of the primary knives that they purchase; Simonds sells it for \$62 and they are buying for \$48. That makes it very difficult to compete. The magnitude of cost increases Simonds is looking at is upwards of \$2 million a year.

Dave is confident they will make it in the end because Marina will find someone cheaper. Today or tomorrow, sometime.

Simonds is committed – it has to do with capital investment, tax reduction, and depreciation over the course of a year those are all big things. Simonds recently spent three quarters of a million

dollars on a fiber optic laser to save money. These are the things that Simonds needs to continue to offset some of these costs.

He emphasized that they have the best people in their organization and he knows somewhere along the line the federal government will end up using some common sense. These are challenges that they work with and it's called business, that's what they do every day. Simonds will adapt, adjust and change but recognizes that what is really working for Simonds is a commitment by the organization to spend money and keep the best people to work with and the best people to do the job. This is a great place to live and work.

Debbie asked if they have worked with the federal government to see if this tariff situation can be changed.

They have worked through the Commerce Department and were told that if somewhere down the line they do reverse the tariffs they would be reimbursed.

NOTE: Dave Campbell & Marina McGee left at 1:22 p.m.

#### Plans/Modifications Summary – Handout *Blue (Action Item)*

##### 1. WIOA One Stop Operator – *No Action Required*

On December 11, 2017, the One-Stop Operator RFP was re-released with an anticipated Contract start date of February 12, 2018. Michigan Works! West Central received one bid from Inspiring Innovations, Inc., owned and operated by Marv Pichla. Based on the proposal submitted, credentials, and past experience of Mr. Pichla, it was determined to award the One-Stop Operator to Inspiring Innovations, Inc. The Contract will begin on 2/12/18 and ends 6/30/19 for \$25,000.

2. Reemployment Services and Eligibility Assessment (RESEA) 2017 Program (*draft* PI 17-18, Change 1) – *No Action Required*

The draft policy provides Michigan Works! West Central with additional funds of \$14,854 bringing the total allocation to \$32,798. RESEA, provides additional services for persons identified by UIA as likely to exhaust Unemployment Insurance benefits. RESEA is an extension of Employment Services.

3. Skilled Trades Training Fund (STTF) Program Administration Fiscal Year (FY) 2018, the period of October 1, 2017 through September 30, 2018 (PI 18-05) – *Signature Required*

The TIA awards funding to the Michigan Works! Agency. All funding is reimbursed upon completion of training and/or retention. MWAs receive an award of STTF funding based on the total number of applications approved for funding. Michigan Works! West Central's award amount for program costs is \$886,561, administrative funds is \$44,328.05 and the total funding amount is \$930,889.05.

**Dan Kosheba moved to approve the Skilled Trades Training Fund Program Administration Fiscal Year 2018 (PI 18-05) as presented by Shelly Keene; supported by Janet Andersen; motion accepted unanimously by both the WDB and the LEO. 1:25 p.m.**

#### December Program Reports – Handout

- ◇ Enrollment/Expenditures Reports

Paul explained this is the standard reporting form, we are now past the second quarter in terms of the WIOA Adult, Dislocated and Youth.

For the PATH program, Paul reminded the Boards that there was a fifth quarter to utilize money carried over from the last Fiscal Year, which is the first year MWAs have been allowed to do that. West Central and Hope Network spent all of the remaining funds in December.

### Outreach Activities

#### ◇ Project Rising Tide

Merri explained that Ewart is the Project Rising Tide community for West Central. Two communities, Charlotte and River Rouge, have graduated, but Ewart has not yet. The second round of communities have been identified and are still meeting with representatives from the Governor's office but have not been officially named; at this point it appears the new community will be Region 4b – West Michigan Works!

#### ◇ USDOL Apprenticeships

Merri said that the first conference call with Mercy Health and West Shore Community College occurred in December. Therefore the Medical Assistant Apprenticeship is closer to becoming a reality in Mason County. Mercy and West Shore need to work out details about the classes and the times they are offered; the next step would hopefully be a face-to-face meeting. The soonest the program could start would be January 2019. Merri did attend training in Lansing in January so, even though West Michigan Works! holds the standards, she could be the main contact in gathering and reporting the information to be sure all requirements are met.

Jonathan worked with the Mecosta-Osceola Career Center to host an apprenticeship roundtable event January 18, 2018. Representatives from seven different employers attended, including David Merriam from Leprino. Employers discussed their short and long term hiring needs. Most of the employers need mechanical and maintenance people “who can fix things.” The employers were invited to come into the classrooms to tell the students about their



businesses and to work with the Career Center to setup co-ops, internships and/or other arrangements to get the students some real-world experience.

◇ Impact Awards Event

This year's Impact Awards is scheduled for February 21, 2018 in Lansing. This year Hope Network's Shayla Savich's client Amanda is our winner. Since the number of attendees is limited the Michigan Works! Association is streaming the ceremony live on their Facebook page beginning at 11:00 a.m.

◇ Ludington Daily News Career Guide Insert

Paul explained this is inside of the back page and this is for West Michigan and all of Region 4.

Business Activity

◇ Job Fairs

Randstad Staffing is holding a job fair for Haworth at the Ludington Workforce Service Center.

Jonathan explained that he helped coordinate and market six job fairs in the last two months, unfortunately three of them were not well attended; only a handful attended the US Air Force recruiting event and EDUStaff job fair at the Big Rapids Center and the job fair for Magna Mirrors at the Fremont Center.

Vitro Glass in Ewart had two job fairs and both were well attended – one on Saturday in mid-December at the Reed City Center – nine people attended and six job offers were made. The second job fair was held mid-January at the Vitro facility with more than 50 attendees and 16 job offers made.

Today, Casair Inc., an Internet provider, is holding open interviews at the Big Rapids Center for wireless Internet installers.

◇ Job Postings

There were 18 job postings in December and 44 in January – a total of 62.

◇ Meijer Store, Fremont

Will start construction in early April and will open a year from then. In Traverse City there have been a couple Meijer's open recently. Jon & Merri have some contact names now and will begin working with them.

STTF Fact Sheet – Handouts

This handout lists all those who received Skilled Trades Training Funds, as well as, the 120 examples of training listed on the back. This can be used for additional recruitment in the coming months.

◇ Wage Breakdown of Trainees

The wages are broken down for the STTF training. There is a large range of wages as well as occupations and titles.

Redevelopment Ready Communities – Handout

The Redevelopment Ready Communities program measures and then certifies communities that integrate transparency, predictability and efficiency into their daily development practices. The certification is a formal recognition that the community has a vision for the future and the fundamental practices in place to get there.

Lakeshore Food Club – Handout

The Lakeshore Food Club opened October 2, 2017 with 100 memberships – the term membership does not necessarily mean an individual, it could be a family; membership jumped from 100 to more

than 750 in about four months. The monthly average of members using the food club is between 450 to 475.

The grocery store like setting allows clients to choose their own food items from what is stocked on the shelves that particular week.

The Food Club is currently in talks with local farmers to try and get their produce into the store.

#### UACJ-Whitehall Industries Expansion – Handout

David Cooper explained that the expansion is complete and the new extrusion press is starting up. Whitehall Industries received a quality award from GM for having zero defects for 8 years. This equates to about 800,000 parts.

#### February 8<sup>th</sup> Federal Budget Deadline

February 8<sup>th</sup> at midnight is the Federal budget deadline, Paul reassured the Boards that Michigan Works! does not have to worry about drawing down cash to pay the bills, if this was in October then the scenario might be different. All Centers will be open as well as the Unemployment Office.

#### Broadband Activity – Handout

Paul explained that Governor Snyder created the Michigan Consortium for Advanced Networks (MCAN) to strengthen statewide connectivity. Everyone is jumping on the Broadband wagon. West Central is particularly interested because we are in a rural area. 90% of the country's population has access to Broadband, but when only looking at rural areas it drops down to 60%.

## Release of Governor Snyder's 2019 Budget

### ◇ Marshall Plan

Governor will release his budget soon and there has been a lot of talk about the “Marshall Plan.” This name relates to the assistance the US provided in rebuilding parts of Europe after WWII. We do not have a lot of information on this at this point, but expect more information when the Governor releases this plan.

## Dashboard – Handout

### ◇ Regional

Paul explained that about a year ago there were about 34 tiles. The committee met last month and tentatively decided to take five of those off which most were environmental, and are trying to use indicators that present variables that would allow an area or community to make some kind of impact. They will meet again next month with The Right Place doing some research prior. The number of apprenticeships will be done by county; the number of second homes versus the number of primary homes and the age of the stock; owner/renter, ratio and affordability; post/secondary enrollment, persistence – how many attend the second year after starting college. This will be Dashboard 2.0.

### ◇ Newaygo County

Carla Roberts stated that the Community Foundation worked with the Right Place to create a Newaygo County version that aggregates county level data into one place. This tool will be used by grantees in Newaygo County to track progress on key social indicators ([www.ncdashboard.org](http://www.ncdashboard.org)).

New Michigan Pathfinder Career Exploration Tool – Handout

Paul explained this website is very helpful. This is a big deal as the State is putting a lot of information in one spot for many audiences.

Mason County Promise Zone

Janet Andersen stated that on January 9<sup>th</sup> when they held the County Board meeting, Ludington’s new superintendent had experience working with a Promise Zone in Muskegon County. Everyone came on board and a public hearing was held. The Board established the intent to go forward with the Promise Zone. The Ludington Daily News actually reported that we received it and that is not so. The application has been submitted; the first two years have to be privately funded, so looking at about \$500,000.

Baldwin has been a Promise Zone for eight years. Also Newaygo County is a Promise Zone. Of the 15 Promise Zones in Michigan, West Central has three.

Resignation of WDB Members Don Martin & Tim Ferguson

Don Martin and Tim Ferguson have both been reassigned to areas outside the West Central region.

2018 Meeting Schedule – Handout

The 2018 Meeting schedule for the Joint WDB/LEO meetings was distributed.

Pre-Meeting Packet Items

December 6, 2017 Joint Meeting Minutes

Service Provider Reports

Tentative Agenda

December Unemployment Ranking

December 2017 Financial Report

### Next Meeting April 4, 2018 – “New” Ludington Workforce Service Center

The next WDB/LEO Joint meeting is Wednesday, April 4, 2018 at the Michigan Works! Service Center located at 920 East Tinkham Avenue in Ludington.

### LEO Election

Larry Emig explained that the LEO meet in February to elect the Chair and Vice Chair because there may be changes in the appointments to the Michigan Works! Board.

**Larry was reelected Chair and Janet Andersen was elected as Vice Chair.**

### Round-the-Table

- » Roberts, Carla, Fremont Area Community Foundation – the Fremont Area Community Foundation is working on a Newaygo County ERN; five employers with 2,700 employees total are discussing implementation plans.
- » Marek, Ron, Reed City Tool – Reed City Tool is hosting a career awareness session for the middle school students from Reed City Public Schools. It will start with a full plant tour. Then the students will meet with the individuals from the respective trades that they have preselected to discuss what it’s like to be in the position. Reed City Tool will have someone available from the custodian, truck driver, machinist, mold maker, office and administration, sales, engineering, etc. It will be a fun four hour period.

### Other Business

### Reserved for the Public

### Adjournment

**Meeting stands adjourned at 2:40 p.m.**