Workforce Development Board Agenda

Date: Thursday, April 18, 2019
Time: 8–9:30 a.m.
Place: Workforce Partnership, 9246 Lightwave Ave. 1st Floor, San Diego, CA

Welcome and Introductions
- Phil Blair (Chair) calls the meeting to order.
- Non-agenda public comment.

Action Items
- Item #1: Minutes of the February 21, 2019 WDB Meeting
- Item #2: Membership Updates
- Item #3: East County Career Center Lease Approval
- Item #4: FY 2018 Financial Statements and Audit Report Approval

Information Items:
- Item #5 Strategic Deep Dive – Income Share Agreements (ISAs)
- Item #6 Committee and Working Group Updates
  - Audit Committee - Rick Vaccari
  - Future of Service Delivery Work Group - Annie Taamilo
  - Tech Workforce Council – Jamie Jacobs
  - Hospitality Initiative - Althea Salas
- Item #7 CEO and Staff Update

PUBLIC COMMENT: Members of the public may address the Board on issues on this agenda (three minutes per subject) and/or other items within the Board’s scope. To speak, submit a “Request to Speak” form prior to the meeting. The SDWP will provide accommodations to persons who require assistance. Questions: (619) 228-2900.
Common Abbreviations and Terms

ADA – Americans with Disabilities Act
AJCC – America’s Job Centers of California
C2C – Connect to Careers
CWDB – California Workforce Development Board
DEI – Diversity Equity and Inclusion
ECCC – East County Career Center
EDC – Economic Development Council or Corporation
EDD – Economic Development Department
GUHSD – Grossmont Unified High School District
HHSA – Health and Human Services Agency
ISA – Income Share Agreement
P2E – Prison to Employment Initiative
RPU – Regional Planning Unit
SBR – Southern Border Region
WDB – Workforce Development Board
WIOA – Workforce Innovation and Opportunity Act
**Item #1: Minutes of the February 21, 2019 WDB Meeting**

**Members Present**

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<tr>
<th>Name</th>
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<tr>
<td>Phil Blair, Chair</td>
<td>Ed Hidalgo</td>
<td>Nancy Smith-Taylor</td>
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<tr>
<td>Kevin Alvin</td>
<td>Matt Kriz</td>
<td>Mark Starr</td>
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<tr>
<td>Andy Berg</td>
<td>Barb Krol</td>
<td>Annie Taamilo</td>
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<td>David Blake</td>
<td>Ky Lewis</td>
<td>Sammy Totah</td>
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<tr>
<td>Mary Burton</td>
<td>Omar Passons</td>
<td>Carmencita Trapse</td>
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<tr>
<td>Dennis DuBard</td>
<td>Ricky Shabazz</td>
<td>Carlos Turner Cortez</td>
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<tr>
<td>Shandon Harbour</td>
<td>Sandra Shuda</td>
<td>Mike Zucchet</td>
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**Members Absent**

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<tbody>
<tr>
<td>Erik Caldwell</td>
<td>Jamie Latiano Jacobs</td>
<td>Althea Salas</td>
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<tr>
<td>Sunita Cooke</td>
<td>Tom Lemmon</td>
<td>Rick Vaccari</td>
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All reports, memoranda and letters contained in the agenda or distributed at the meeting shall by this reference become part of the original minutes.

**Guest Presentation**

Peter introduced Saru Jayaraman, President of ROC United, who presented an overview of ROC’s mission to improve wages and working conditions for restaurant workers.

**Call to Order**

The meeting was called to order by P. Blair, at 8:05 a.m. with a quorum present.

**Non-Agenda Public Comment**

None.

**Action Items**

**Item 1 New Member Nominations**

P. Blair introduced three nominees to join the WDB: Pam Murray, Sean Karafin and Keith Maddox. Each briefly discussed their background and interest in serving on the WDB.

Nominees left the room so that the WDB could discuss and vote.

Motion to recommend that the nominees join the WDB.

Moved: (D. DuBard), Seconded (K. Alvin). Carried unanimously.

The nominees rejoined the meeting and were acknowledged.

**Item 2 Minutes of the December 6, 2018 WDB Meeting**

Motion: WDB approves the meeting minutes.
Moved (A. Berg), Seconded (K. Alvin). Carried unanimously

Item 3  Regional Plan Approval
Brooke Valle, VP of Strategy, presented the Regional and Local Plans, explaining their purpose and the process of public input incorporated in the planning. B. Valle reviewed the major changes to the 2019 plans, discussing their five strategic pillars, changes to the regional priority sectors and focus on the population-specific work.

Andy Berg asked why the retail sector was only highlighted as a priority sector for Imperial County. B. Valle clarified that while SDWP is doing work in the retail sector through private sector funding, the majority of the retail occupations do not meet the living wage threshold for our priority sectors of $15.99.

Motion: WDB approves the Regional and Local Plans.

Moved (K. Lewis), Seconded (D. DuBard). Carried unanimously.

Item 4  FY 2019 Budget Modification Approval
Andy Hall, COO, reviewed the mid-year modification to the annual budget. A. Hall reported that revenue has increased from $29.5 million to $31.7 million. A. Hall reviewed expenses, noting the cost savings realized by the new headquarters lease. A. Hall concluded that SDWP remains in a very healthy fiscal position.

Peter Callstrom commented on the new funds received to launch the Income Share Agreement initiative. Callstrom commended A. Hall for spearheading this work and the tremendous progress that we have seen to date.

Andy Berg suggested clarifying the training dollar amount in the notes section. A. Hall responded affirmatively, and the next budget round will provide a clarifying note about training dollars.

Motion: WDB approves the FY19 budget modification.

Moved (D. Blake), Seconded (D. DuBard), Carried unanimously. Abstentions: O. Passons

Item 5  Contract Amendment – C2C Live Well Internship Program
Andrew Picard, VP of Operations, provided a description of the program and explained the need for the contract amendment.

WDB members, C. Turner Cortez, R. Shabazz and O. Passons commented on the potential for collaboration with San Diego Continuing Education and San Diego City College in post-internship credentialing in health and human services career pathways.

Motion: WDB approves the contract amendment.
Moved (S. Shuda), Seconded (A. Taamilo), Carried unanimously.
Abstentions: O. Passons

Item 6  **Contract Amendment – Workforce Innovation Fund for Rapid Rehousing Employment Pilot**

A. Picard explained the program design and that the amendment adds funds.

O. Passons asked for clarification on how program success will be measured and how SDWP plans to measure the long-term success of the rapid rehousing program and the success of participants staying in housing after vouchers expired. A Picard responded affirmatively that housing outcomes will be tracked by rehousing partners at the 12- and 18-month period.

Motion: WDB approves the contract amendment.

Moved (A. Taamilo), Seconded (S. Shuda), Carried unanimously.
Abstentions: O. Passons

**Information Items**

**Item 7  Committees and Working Groups Update**

WDB working group and committee leads and staff presented updates on working group and committee initiatives and plans.

**Audit Committee – Andy Hall**

The committee will meet on March 13 to review the Audit for FY 18 which will then be submitted for approval by the board.

**Opportunity Youth Working Group - Omar Passons**

Discussed the last meeting, the fundraising effort for Opportunity Summit 2019, as well as the creation of the OpportunitySD Hope Fund, aimed at providing barrier-busting support for opportunity youth. Nancy Smith-Taylor proposed a challenge where each board member would try to bring an influential guest to the Opportunity Summit.

**Reentry Services Working Group - David Blake**

Shared an overview of the upcoming State P2E grant and priorities for upcoming procurements, noting that the working group would give a presentation on the P2E grant at the next board meeting.

**Future of Service Delivery Work Group - Annie Taamilo**

Briefed on the most recent activity, including focus on the ISA program and the fund development efforts.

**Healthcare Workforce Council - K. Lewis and S. Totah**
Shared that the council has been focusing on job quality, the LinkedIn Learning program and how the ISA model could be applied to support upskilling in healthcare occupations.

**Tech Workforce Council – Scott Marchand**

Shared that the next tech council meeting is scheduled for Thursday, February 28th.

**Hospitality Initiative - Scott Marchand**

Reported on our partnership with Hyatt and City Heights Coffee House, with the goal of increasing hiring of Opportunity Youth. Peter commended Phil Blair for his advocacy that resulted in a $50K grant from SDG&E to supplement our efforts to reach more young adults to fill hospitality positions.

**Item 8  Contract Program Performance Dashboard**

A. Picard addressed the dashboard and indicated that all prior contracts below expectations from the prior meeting had shown improvement. Also discussed that the one contract, KRA’s DEI project that had moved to below expectations has been placed on corrective action and already begun to show improvements.

**Item 9  CEO and Staff Update**

P. Blair commended the SDWP team on the new logo and rebranding. Peter commented that all matters were addressed in the agenda. In the interest of time and with the open house beginning immediately after, there were no other updates.

**Adjournment**

The meeting was adjourned at 9:25 am.
Item #2: Membership Updates

ACTION ITEM – VOTE REQUIRED

RECOMMENDATION: The WDB recommend Christina Bibler, City of San Diego Director of Economic Development join the WDB, pending approval by the Policy Board.

BACKGROUND
Eric Caldwell formerly the Director of Economic Development for the City of San Diego was promoted to Deputy Chief Operating Officer. The new Director of Economic Development, Christina Bibler, has been recommended to fill the seat designated for the City of San Diego.

Bio
Christina Bibler is an award-winning economic development professional who has led initiatives supporting economic prosperity for local government and business districts for nearly two decades. She joined the City of San Diego almost three years ago and was recently appointed the Director of Economic Development. Previously, Christina served as Economic Development Manager for the City of Carlsbad, leading its initiatives that brought forth a workforce training institute, significant business expansions, and a talent attraction campaign. Beyond California’s borders Christina spent six years in Colorado as the Redevelopment Program Manager and Economic Development Administrator for the City of Fort Collins and City of Thornton, respectively. Notable recognitions include nomination as one of California Women’s Leadership Association’s 2016 Women to Watch; an award as of one of the Top 25 Most Influential Young Professionals by ColoradoBiz Magazine; and, as a graduate of the LEAD San Diego Impact class of 2015, receipt of the Herbert G. Klein Memorial Leadership Award. Christina was recognized for completing the California Issues and Trends Program of Leadership through Leadership California in 2017.

A San Diego native, Christina earned her master’s degree in City Planning, certificate in Community and Economic Development, and bachelor’s degree in Applied Arts and Sciences from San Diego State University. She is passionate about giving back and serves as a philanthropic member of the San Diego Women’s Foundation. She resides in north San Diego county with her husband, Chad, a U.S. Navy Commander; and their children, Jonah, 11; Lincoln, 7; and Everett, 11 months.
Item #3:  East County Career Center Lease Approval

ACTION ITEM – VOTE REQUIRED

RECOMMENDATION: The WDB approve a 3-year lease under the costs and terms herein for the new location of the East County Career Center (ECCC). The location is at 151 Van Houten Ave, El Cajon, CA. The WDB approves SDWP to manage additional lease negotiations of other non-fiscal related terms, while not exceeding the cost and terms as described below.

BACKGROUND
SDWP currently oversees multiple facilities throughout San Diego County including the administration of four property leases:

1. SDWP’s offices at 9246 Lightwave Avenue, San Diego
2. Metro Career Center at 4389 Imperial Ave., San Diego
3. North County Coastal Career Center at 1949 Avenida del Oro, Oceanside
4. South County Career Center at 1111 Bay Blvd, Chula Vista

Additionally, SDWP manages Career Centers at two locations where property is provided in-kind by our partners at the North County Inland LiveWell Center thanks to County HHSA, and at the Downtown Library thanks to Bank of America – Meryll Lynch.

SDWP does not currently oversee the lease for the existing ECCC because it has been managed by the former Career Center operator Grossmont Unified High School District (GUHSD). GUHSD did not bid in the 2018 procurement to continue operations therefore planned with SDWP to transition to a new location with the selected operator.

TERMS OVERVIEW

The term of the lease is three years with the first year beginning July 1, 2019 and ending on October 31, 2019, and additional years going through October 31, 2021.

Early termination is allowed with at least 6 months’ notice for cause or convenience.

LEASE COSTS SUMMARY:
At the current GUHSD location monthly costs are $13,137 and SDWP’s anticipated cost-savings at this new location are $45,554 annually. The following represents the new lease terms costs with PCG Inc.:

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<thead>
<tr>
<th>From</th>
<th>To</th>
<th>Monthly Rent</th>
<th>Annual Rent</th>
<th>% Annual Increase</th>
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<tr>
<td>7/1/2019</td>
<td>10/31/2019</td>
<td>$8,439</td>
<td>$33,757</td>
<td>3%</td>
</tr>
<tr>
<td>11/1/2019</td>
<td>10/31/2020</td>
<td>$8,692</td>
<td>$104,310</td>
<td>3%</td>
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<tr>
<td>11/1/2020</td>
<td>10/31/2021</td>
<td>$8,953</td>
<td>$107,439</td>
<td>3%</td>
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DESCRIPTION OF PROPERTY
The new location for ECCC is currently operated by Public Consulting Group, Inc. (PCG) the County HHSA’s CalWORKS Welfare-to-Work program operated and a required partner of SDWP. The building is approx. 30,000 total sq. ft of which SDWP will be leasing 2,946 sq ft at $2.37 per square foot of rent alone, with an anticipated $2.86 per sq. ft. including Common Area Maintenance (CAM).\(^1\)

The building is in an ideal location to serve customers in El Cajon. It is off Main St. in downtown El Cajon close to transportation access and across the street from MTS bus stop. The lease includes an ample parking lot for both customers and staff. The location also benefits SDWP’s customers as it integrates our Career Center with our federally required WIOA partners, County HHSA CalWorks Welfare-to-Work program operators. This location serves hundreds of customers daily, providing employment counseling, job skills, child care and other programs including offering Refugee Employment Services with staff on-site who speak over 12 languages.

As with all other Career Center locations, SDWP will sublease the entire square footage to the AJCC operator, KRA corporation. KRA Corporation will use approximately 85% of the square footage of the space for their operations and sublease the remainder to required partner agencies including Job Corps, Department of Rehabilitation, WIOA Youth provider Access Inc. as well as other potential partner agencies. If a partner agency terminates its lease with the AJCC operator (KRA Corporation), the operator would still owe SDWP full rent, and be responsible for finding a replacement tenant. All non-space use rent costs (janitorial, maintenance, security, utilities, etc.) will be the responsibility of the AJCC operator to pass on to subtenants as CAM.

COMPARATIVE MARKET ANALYSIS FOR OTHER PROPERTIES:
As required by federal regulations SDWP completed a comparative market analysis of facility costs and terms that with other facilities in the region. We were unable to identify any recent completed lease transactions in the immediate area for purposes of comparison and utilized two properties that are currently being marketed for lease in El Cajon to establish approximate value.

Property 1
1299 Main St. El Cajon Blvd. El Cajon, CA at approx. $2.50/ sq ft (~6,839 total sq ft available)

Property 2
721 Arnele Ave. El Cajon, CA. at approx. $1.75 / sq ft (~2,853 sq ft available)

These alternative properties are located in more commercial/medical neighborhoods that are less pedestrian friendly and not near other community resources or as close to public transit. Analysis also does not include the significant investment by the current owner into American’s with Disabilities Act (ADA) building improvements needed to operate SDWP’s federally-funded programs.

\(^1\) CAM costs may be adjusted on an annual basis determined by mutual agreement from Landlord and Subtenant, based on actual use and need.
Item #4: FY 2018 Financial Statements and Audit Report Approval

**ACTION ITEM – VOTE REQUIRED**

**RECOMMENDATION:** The WDB approve the FY 2018 Financial Statements and Audit Report, as recommended by the Audit Committee.

**BACKGROUND**
On March 13, 2019, the Audit Committee met with SDWP’s external audit firm Roger’s, Anderson Malody, & Scott, LLP to review SDWP’s FY 18 Financial Statements and Audit Report and voted to recommend approval pending completion of the report. For the second consecutive year, the audit report contains no exceptions or findings, including both SDWP financial statements as well as management’s internal controls.

SDWP’s Audit Committee includes three board members, the City of San Diego’s Chief Financial Officer and the County of San Diego’s Chief Financial Officer.

**FY18 Financial Statements and Single Audit Report**
On March 21, 2019, SDWP’s independent auditor Rogers, Anderson, Malody, & Scott, LLP completed an Independent Auditor’s Report of SDWP’s Fiscal Year 2018 financial statements, each major fund, and the aggregate remaining funds. Pertinent summary sections of the audit report are attached, and the full single audit report can be found at:


**ATTACHMENTS**

Management and Auditor Letters
Independent Auditor's Report

Board of Directors
San Diego Workforce Partnership, Inc.
San Diego, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the San Diego Workforce Partnership, Inc. (SDWP) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the SDWP's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principle generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers internal control relevant to the SDWP's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the SDWP's internal control. Accordingly, we express no such opinion. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
We believe that our audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the SDWP as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, and the budgetary comparison information, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the SDWP's financial statements. The supplementary information and federal compliance information sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information section is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.
Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 21, 2019, on our consideration of SDWP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the SDWP's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
March 21, 2019
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Independent Auditor’s Report

Board of Directors
San Diego Workforce Partnership, Inc.
San Diego, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the San Diego Workforce Partnership, Inc. (SDWP), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise SDWP’s basic financial statements, and have issued our report thereon dated March 21, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SDWP’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SDWP’s internal control. Accordingly, we do not express an opinion on the effectiveness of SDWP’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether SDWP’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rogers, Anderson, Maloney & Scott, LLP.*

San Bernardino, California  
March 21, 2019
Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

Board of Directors
San Diego Workforce Partnership, Inc.
San Diego, California

Report on Compliance for Each Major Federal Program

We have audited the San Diego Workforce Partnership, Inc.’s (SDWP) compliance described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of SDWP’s major federal programs for the year ended June 30, 2018. SDWP’s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance federal statues, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of SDWP’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about SDWP's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.
We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of SDWP’s compliance.

**Opinion on Each Major Federal Program**

In our opinion, SDWP complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

**Report on Internal Control over Compliance**

Management of SDWP is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered SDWP’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of SDWP’s internal control over compliance.

A **deficiency in internal control over compliance** exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A **material weakness in internal control over compliance** is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. A **significant deficiency in internal control over compliance** is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.
Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of SDWP, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise SDWP’s basic financial statements. We issued our report thereon dated March 21, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Rogers, Anderson, Maloney & Scott, LLP

San Bernardino, California
March 21, 2019
Item #5: Strategic Deep Dive – Income Share Agreements (ISAs)

INFORMATION ITEM – NO ACTION REQUIRED

Andy Hall, SD Workforce COO will facilitate a deep dive into a groundbreaking workforce income share agreement (ISA) project, next steps, and future vision for the project.

This presentation and discussion will include guest speakers from a panel of executives from our key partners on the project, including Mary Walshok (Dean of UCSD Extension), executives from Vemo Education, Brad Rustin (Chief Legal Counsel on the project and partner at Nelson Mullins), and Will Nelligan (Project Consultant leading policy and fundraising).

Board members and meeting attendees will also have a full packet of information and FAQs on the project.
Item #6: Committee and Working Group Updates

INFORMATION ITEM – NO ACTION REQUIRED
An overview of WDB committees, working groups, councils and other board led initiatives.

Committees

Audit Committee: Chair: Rick Vaccari
Members: Ed Hidalgo, Tracy Sandoval, SD County CFO, Rolando Charvel, CFO City of San Diego
Staff Lead: Ellen Class

Purpose: to assist the WDB in fulfilling its oversight responsibilities for the accounting and financial reporting process, internal controls, the audit process, and SDWP’s governance structure.

Last Meeting: March 13, 2019
Next Meeting: Fall 2019

Working Groups

Future of Service Delivery: Chair: Annie Taamilo
Members: Carlos Turner Cortez, Kevin Alvin, Ky Lewis, Mark Starr, Matt Kriz, Nancy Smith-Taylor, Rick Vaccari, Sammy Totah
Staff Lead: Andy Hall

Purpose: review of our service delivery. Make recommendations on strategic priorities and investments to help shape and innovate our service delivery system.

Last meeting: February 26, 2019
Next Meeting: May 2019

Industry Councils & Initiatives

Tech Workforce Council: Jamie Latiano Jacobs and Kurling Robinson
Staff Lead: Scott Marchand & Shannon Tuhn

Purpose: to create a plan to increase the pipeline of qualified candidates and to upskill incumbent workers for in-demand technology jobs in San Diego and Imperial Counties.

Last meeting: February 22, 2019
Next meeting: May 30th, 2019

Hospitality Initiative: Chair: Althea Salas
Staff Lead: Scott Marchand & Shannon Tuhn
Purpose: brainstorming ways SDWP can help fill entry-level jobs in collaboration with the hospitality industry’s hiring and training needs.
Item #7: CEO and Staff Update

INFORMATION ITEM – NO ACTION REQUIRED

Peter Callstrom, CEO and staff provide an update on SDWP programs and initiatives.