

Workforce Investment Board
Merced County Board of Realtors
635 Main Street
January 8, 2004, 3:00-5:00 p.m.
Meeting Minutes



Members Present:

Paul Alderete	Lee Andersen	Andrea Baker
Nicolas Benjamin	Bob Bittner	Sharon Cresswell
Harry Dull	Ernie Flores	Peter Fluetsch
John Fowler	Carol Greenberg	Jeremiah Greggains
Brian Griffin	Doug Kirkpatrick	Charlie Lambert
Nellie McGarry	Ned Miller	Albert Montejano
Terry Nichols	Rick Osorio	Alfonse Peterson
Carole Roberds	Al Romero	Mike Smith
Helen Sullivan	Mike Sullivan	

Members Absent:

Don Bergman	Mike Boardman	Kathleen Crookham
Ben Duran	Scott Galbraith	Robert Harmon
John Heading	Gisela Malone	Anne Newins
Ana Pagan	Steve Tinetti	Thomas Tsubota

Others Present:

Michelle Allison	Todd Bender	Bunny Bentley
Bill Cahill	Elaine Craig	Dave Davis
Miriam Giebler	Eddie Harding	Al Kratzer
Kirsten Lee	Holly Newlon	Donna Ornelas
Joanne Presnell	Carolyn Ratto	Bob Rucker
Jackie Walther-Parnell	Ellie Wooten	

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- I. **Call to Order** – Roll was taken by Donna Ornelas.
 - II. **Approval of Agenda** - It was *M/S/C Griffin/Fluetsch* to approve the agenda as written.
 - III. **Approval of Minutes** - It was *M/S/C Dull/Sullivan* to approve the minutes of November 13, 2003.
 - IV. **Public Opportunity to Speak** - None
 - V. **Consent Agenda** - It was *M/S/C Miller/Flores* to approve the consent agenda.
 - a. Youth RFP
 - b. Youth Council Membership

VI. Action Agenda

- a. Great Valley Agri-Food Research Institute – It was *M/S/C Osorio/Sullivan* to support the concept and fundraising efforts to develop a Central Valley Agri-Food Research Institute at UC Merced.

VII. Regional Strategic Issues– Issues in Affordable Housing

Mike Sullivan introduced the panel members – Nick Benjamin, Miriam Giebler, Bob Rucker, Todd Bender, and Bill Cahill.

Nick Benjamin from the Merced County Housing Authority, shared some statistics related to the issue of affordable housing. According to MCAG, it is predicted there will be a 30% population increase by 2010. Merced is 12th on the least affordable housing list nationally. Fifty-three percent (53%) of the population in Merced County rent housing compared to 35% nationally. Forty-four percent (44%) of the residents are in the low or very low-income ranges. The Housing Authority has 700 units for low rent, 300 migrant seasonal housing units, and supports approximately 3,000 homes for section 8. Mr. Benjamin noted that the housing industry is not the problem. It is the lack of good paying jobs in this area. He stressed that affordable housing should be called workforce housing and each person should use their sphere of influence to support workforce housing.

Miriam Giebler from the Central Valley Coalition for Affordable Housing noted her organization is working with the Housing Authority and developers to build affordable housing. She noted that the issue for this area is to attract higher paying jobs.

Bob Rucker owner of Rucker Contruction builds 40-60 homes per year and reported the average price of new homes in Merced is approximately \$200,000. Mr. Rucker defined “affordable” as a home that the average working family can buy. He stated that every national homebuilder is in Merced or will be here soon and that Merced is rapidly becoming an area of commuters. The largest cost of housing is the land. The two main reasons for the increase in prices are the lack of land available in northern California and the escalating impact fees. Merced tripled fees causing the housing cost to double in the last ten years. Another reason for this is the high cost of worker’s comp and liability insurance. He noted that some of the smaller contractors can not absorb these costs. In addition, Mr. Rucker noted that the environmental and regulatory issues are in part responsible for the rise in costs. And lastly, there is a lack of skilled workers for this type of labor.

Todd Bender from Heritage Homes noted that his company has noticed a change in customers. He feels this is due to the fact that the prices of homes are not affordable to typical Merced family. Currently, in North Merced, the new development for Heritage Homes has been created with 7-8 homes per acre to create more affordable homes. He noted the goal is to remain efficient without sacrificing quality. By creating more density, they were able to get housing prices in the \$150,000 range. Fifty-one of the seventy-two buyers in the new development are renters. Mr. Bender noted that buyers are stretching to get into homes and when the interest rate rises they will not be attainable.

Bill Cahill, Merced City Assistant Manager, gave a report on the affordable housing issue from the perspective of the City. He noted that in the 1990’s there were an average of 100-150 new homes built per year. In the last year, permits for building were issued at five times the average rate of growth. In 2003, 1000 new single-family dwellings and 587 apartments were built. Mr. Cahill discussed the affordability issues not only being about assisted housing, but the ratio of income to the cost of housing.

He explained that the lower income seems to be as much of an issue as the price of the homes. He noted that there are several multi-family construction projects underway that include the Village Landing expansion, the Grove, and Sunnyside (600 apartments). Mr. Cahill reported the City of Merced is involved in the following attempts to assist with this issue:

- * Assure an adequate supply of land
- * Market our opportunities
- * Extend financial incentives
- * Create the supporting framework of plans

Mr. Cahill noted that the redevelopment agency is investing in 14 downtown working/living lofts as a means of affordable housing. In addition, Mr. Cahill discussed the role of WIB, and the need for an affordability income level for the population of Merced. This would include job training, raise and improve the skill level of the workforce, and workforce availability for construction. Lastly, he noted the WIB should focus and spotlight on the issue and keep it alive and remain alert to the possibilities

Mike Sullivan opened the floor to a question and answer session.

Q. What is realistic profit margin?

A. Each firm is different – it depends on the work in each project and will differ by corporation. There is no range; however, it was noted that the national average is approximately 25-30% before overhead and after overhead approximately 8%-12%.

Q. Where fees are fixed, can the cities maintain the infrastructure without additional costs?

A. The impact fees are for capital improvements and do not cover operational fees. On an average the city government loses approximately \$420 per year on a single family home. Some new developments are implementing a new program to collect Mello-Roos to cover operational costs.

Q. With the UC coming and the lack of housing, is there a plan being developed to meet the crisis?

A. Currently, the City of Merced is going through the adoption of a housing element in the general plan. In addition, it is anticipated that the UC Merced will assist with this.

Q. How dense can housing become and still offer a quality product?

A. It was noted that southern California, Orange County has approximately seventeen units per acre and the homes are of very good quality. In addition, it was noted that there is a shortage of land throughout northern California.

Q. How does manufactured housing relate to the issue?

A. Manufactured housing saves on waste and time.

In summary, the three areas for WIB consideration on this issue are:

- Lack of skilled workforce
- Low income levels of the population of Merced County
- Continued education and awareness of the workforce housing issue

It was noted that January 29, there will be a forum with local building contractors to discuss these issues.

VIII. Advocacy Report - Andrea Baker reported that she and the WIB Chair will be going to the State Capitol on January 28 to meet with Agency Secretaries and Legislators to discuss how the California Workforce Investment Boards can make an impact. They will also provide the Workforce & Economic

Development System White Paper to CWA.

IX. Operational Reports

- a. Follow up Report - "Issues in Education" - Lee Andersen reported elementary and secondary education K-12 districts are working on cooperative efforts to get training for teachers, and promote the idea of college, and university to students. He also reported that local education is now sharing data to assist with this (P-16 Council). This is in direct response to Merced Economic Development Corporations (MCEDCO) study.
 - Q. What are the pros and cons of consolidating categorical funding?
 - A. Because of the lack of detail, it is uncertain what the impact will be.
 - Q. What is the status of the "No Child Left Behind" program.
 - A. The overall program is good for accountability, however, the details still seem to be problematic. Merced County is responding as well as every other school in the state
 - Q. What percent of students on the college track.
 - A. In Los Banos approximately 25% and Merced is thought to be slightly higher
- b. Follow up Report - "Issues In Economic Development" – John Fowler reported the Program Planning and Development committee met to discuss the issues. On January 22, there will be a "Connecting Merced" county forum. The information is also being reviewed by the Business Competitiveness Team.
- c. MCOE Out-of-School Youth Program – Holly Newlon provided an overview of the organizational chart for the Empower program with partners. Ms. Newlon noted the program that MCOE has developed is a redesigned program with JCG participants. Ms. Newlon provided information on program flow, and timelines of the program. There is an orientation for participants scheduled February 7, 2004. Ms. Newlon opened the floor to questions.
 - Q. How many participants are expected to be served by the end of the year?
 - A. 252
 - Q. How many participants are limited English?
 - A. MCOE staff are working to gather this information.
 - Q. How are the numbers of participants spread out countywide?
 - A. There are eighty participants on Westside with the remaining scattered throughout the County.
- d. Child Care Economic Impact Report (CCEIR) – Kirsten Lee gave an overview of the CCEIR and why the study was done. She noted some of the findings. Lastly, she reported on the recommendations.

It was noted there is a Children's Summit scheduled for April 2004.

Note: There was a request for a panel to address strategic issues on child-care at an upcoming WIB meeting.

X. Information Items

- a. Jobs for California Graduates Closeout Status
- b. Performance Measures
- c. Fiscal Report
- d. LMI Update
- e. Youth Council Award
- f. 2003 Challenge Awards Directory
- g. Committee Reports - www.co.merced.ca.us/wi/wib/wib.html

- XI. Spotlight on WIB Member** – Helen Sullivan from UC Merced. Ms. Sullivan noted that she has been assigned to a department working on small business development over the last six months. The department that she is working from provides free consulting to small business, workshops at a small fee, business plans, access to capital, and loan package assistance. She noted that during her assignment she has seen 502 new jobs created.
- XII. Director’s Comments** – Andrea Baker noted that the WIB is invited to the Contractor’s Forum on January 29, at the Sam Pipes room at the City of Merced City Hall, 1:00-3:00 p.m.
- XIII. Chair Comments** – Nellie shared the unfortunate news that Dave Riordan and Richard Bernasconi had both recently passed away. Ms. McGarry noted that both gentlemen had contributed much to the community and will be greatly missed.
- XIV. Other** - None
- XV. Next Meeting** –March 11, 2004, 3:00-5:00. Location to be announced.
- XVI. Adjourn** - Meeting adjourned 5:00 p.m.