



MEETING NOTICE

Date: May 5, 2016

To: JobOne Employees, Parents, and Guardians

From: Aaron Martin, CEO and Amy Schmidt, Board of Directors Chair

Re: Facilities Plan Presentation Scheduled for May 18, 2016

Please be advised that JobOne's Leadership Team will be presenting a Facilities Plan Addendum to the JobOne Board of Directors during their scheduled meeting May 18, 2016. The meeting is open to the public and will be held at 5:30 pm at the Independence location (1085 S Yuma Avenue, Independence MO).

The Addendum includes the Team's recommendation to combine the Blue Springs and Independence operations into a single operation based at the Independence site. The plan goal is 100% transfer of all employees and staff. And Developmental Disability Services of Jackson County (Eitas) transportation department has assured the Team that all employees currently on bus routes will be accommodated to their new location.

The Board will review and vote on the Addendum during this meeting. Those interested in learning more are encouraged to attend or contact us directly at:

- Aaron Martin: amartin@job1one.org or 816.898.1212
- Amy Schmidt: amyjoetwo@gmail.com

The "Addendum to Strategic Facilities Plan Final Report" has been posted to our webpage at www.job1one.org/documents for public perusal.

Addendum to Strategic Facilities Plan Final Report

This document serves as an addendum to the attached Strategic Facilities Plan final report dated July 15, 2015.

State of JobOne Blue Springs Subcontracting - Update

After the completion and presentation of the Strategic Facilities Plan Final Report, Clinical Reference Laboratory (CRL), JobOne's largest subcontracting customer, ended its working relationship with JobOne in November 2015. CRL was a long-standing customer that had consistently provided work to JobOne's Blue Springs location. Although the amount of work had substantially diminished over the years, CRL was still 60% of JobOne's revenue in Blue Springs. The jobs of assembling medical kits provided tasks for all skill levels, and the employees were well-trained, produced quality work and made good wages. Although two new contracts were acquired recently, it is a challenge to find new customers that provide consistent and high-volume work, and job tasks that encompasses low, mid and high skills sets that all employees could perform. As a result, on-the-job hours have declined to 31%, downtime reached an all-time high of 80% in January 2016, morale has suffered, and overall profitability has deteriorated.

Recommended Option 1 – Modification

The Strategic Facilities Plan Final Report outlined the recommended Option 1 which, in part, proposed consolidating all three JobOne subcontracting facilities into one central location in Lee's Summit. In light of the current situation at the Blue Springs facility as described above, it is recommended to incorporate a plan designed to firstly consolidate two of the subcontracting facilities, Independence and Blue Springs.

The Benefits of Consolidation

There are several benefits and opportunities of consolidating Blue Springs and Independence into one facility location, both short-term and long-term, in all areas of the organization, as outlined below:

Financial/Operational

- Managing one facility vs two will reduce operational costs and overhead expenses.
- Presents the opportunity to improve profitability long-term with potential job growth through combined workforce and increased depth of specialized work skills.
- Improves efficiency in various areas. Less time and energy spent on documentation, audits, safety inspections, purchasing, and inventory management.
- Forced to develop and implement a quality, efficient program, such as LEAN or ISO certification, to manage the increase volume of workload and employees.
- Creates stronger internal controls, improving quality and consistency of business functions and standard operating procedures.
- Narrows focus on internal and external communications that will contribute to building stronger staff, employee, customer, vendor, and community relationships.

Production

- With higher concentration of employees and staff in one place, able to achieve a higher rate of output capacity, enhancing ability to handle higher volume contracts and faster turn-around times.
- Centralizing the workforce will increase depth of skill sets and fill in gaps in skill sets, fostering more efficiency and competitive advantage, potentially driving growth. If production volume increases, reduction in cost per unit could be realized with having fixed costs of overhead in one building.
- Presents opportunity to realign and refocus resources, enhancing performance and success by identifying and specializing in what we know and what we are good at -- playing to our strengths, experience and skill sets.
- Consolidation, coupled with the pressures of industry changes, make it an optimal time to explore opportunities for re-positioning, revitalizing, and re-branding the JobOne workshop program. Making the model relevant to reflect the changing industry and target markets, will take more than a name or logo change; it has more to do with the perception, feelings and

experiences relatable to JobOne. Although there are costs associated with re-branding, if done right, it can open doors and help JobOne evolve and grow its subcontracting division.

Logistics/Transportation/Administrative

- Improves logistics; manage one warehouse, less transportation for drivers, management, eitas.
- Consolidation of functions such as orders, purchasing and inventory.
- Reduction in inventory including supplies, OJT materials, furniture.
- Administrative processes, such as order entry and billing, does not change.

Technology/Equipment/Facility

- Equipment at Blue Springs can be utilized at Independence location, such as stacker, pallet jacks and scales.
- Additional or new production equipment will not be needed.
- Additional or new computer and phone equipment will not be needed; systems are compatible.
- Maintaining and repairing one facility vs two translates to less time and costs for utilities, supplies, computer, phones, equipment (including alarm system, HVAC units) and building upkeep inside and outside.
- Anticipate we can accommodate additional employees, staff and customer inventory in one building with minor adjustments such as staggering breaks, cleanout and re-organizing warehouse/production area, and implementing leaner, more efficient, workflow processes.
- Potential for eitas to deed ownership of Independence facility to JobOne will enable JobOne to run capital campaigns. (Refer to * pg 4 for additional information).

In addition, there are benefits and opportunities of consolidating Blue Springs and Independence into one facility that will have a direct impact on employees, staff, customers, and to some extend vendors, as outlined below:

Employees

- Employees are exposed to a variety of work choices and opportunities
 - referrals to other desired programs within JobOne
 - pursue Supported Employment through JobOne Careers
 - potential for life change: other CRPs, Day Programs and retirement
- Employees can learn new skill sets with more diverse jobs.
- Employees are exposed to more social opportunities.
- Sense of community improves with more concentration and focus in one area.

Staff

- With one less facility to oversee, oversight from leadership team improves; management more focused.
- Heightens teamwork; work experience is combined and skills, ideas, problems, solutions can be shared.
- Supervisors and employee coordinators in one location improves consistency in many areas, such as documentation, supervision, production flow, quality control, solving issues.
- Enhances sense of community.
- With added staff, enables dual controls for payroll and other functions.
- Improves flexibility to utilize staff talents and skills in alternative ways or to assign positions better suited for talents and experience.

Customers/Vendors

- With more employees and concentration of work in one building, JobOne will be perceived as a larger organization with more activity, making the organization more attractive to manufacturing companies.
- High volume and fast turn-around jobs will no longer need to be split in two locations with different supervisors. This will promote customer confidence with one point of contact, and in the areas of inventory monitoring and management, standard operating procedures and quality control.
- The impact of product shipping/delivery for customers will vary depending on who provides and pays for freight and where the customer is located. JobOne will work with customers individually to agree on the most beneficial solution for both parties.
- Streamlining purchase orders and shipments would be an advantage to vendors, and will help to foster and solidify god working relationships.

JobOne acquired two new customers and transferred two jobs from other JobOne subcontracting locations, making a total of six current contracts at Blue Springs, more contracts than Independence and Grandview. However, the jobs coming in are low-volume and job orders have been very inconsistent. Following is a brief description:

Print Graphics – assemble quarterly newsletter for printing company located in Blue Springs

UNBOUND – assemble sponsorship mailings for non-profit organization located in KCMO; seasonal

US Toys – package/re-package for toy supplier in Grandview; transferred from JobOne Grandview

MaxSpace – assembly and packaging of various inventor’s products located in KCMO; transferred from JobOne Independence

Adepto Medical – reclaiming IV medical units and parts, located in Grandview

TrippNT – assemble key rings and marketing kits for manufacturing of medical carts in Liberty, MO

The Challenges of Consolidation

In addition to the advantages and opportunities of the recommended consolidation, we anticipate there will be some drawbacks and challenges, as outlined below:

- Disruption resulting from relocation affecting employees, staff, stakeholders and customers.
- Successfully re-routing employees and potential for increase travel time to and from work.
- Loss of some employees and funding per diem; eitas and DESE funding impact to overall program.
- Loss of business and community presence in Blue Springs.
- Resistance to change and difficulty dealing with moving into a different environment for employees and staff.
- Negative press and social media; competitors using negativity to their advantage.
- May create anxiety for staff - fear of losing job, cut in pay, or taking on more or different responsibilities.
- Successfully accommodating additional employees, staff and contracts in one building.
- Maintaining quality product and customer service.
- Ability to accept new growth opportunities or to expand reach in the marketplace because of space capacity.
- Costs associated with the potential of having to renovate or add on to Independence building long-term.



JobOne Facilities Strategic Plan Executive Summary

August 25, 2015

BACKGROUND

JobOne is a responsive and strong organization that seeks to guarantee its future relevance and programmatic viability. The agency's 2013-2015 Strategic Plan identifies a changing regulatory and cultural environment that has a profound impact on the relevance of JobOne's menu of vocational services. The plan identifies and puts forth goals that will address these influences. JobOne has embarked on a long process that will develop more programs that place employees in community settings and offer more vocational services to its employees. JobOne's Strategic Plan also identifies issues regarding outdated facilities, business lines operating at a net loss, and inadequate cash reserves. These three issues are related and influence each other. The merger of FWI and IBS left JobOne with geographically scattered facilities that present challenges to obtaining and efficiently executing profitable contracts. Because of this, the sheltered workshop business line operates at a net loss and has traditionally left JobOne without adequate reserves (although FY 2015 appears to be a net surplus year). The plan identifies the state of the facilities as one factor in this situation and sets goals to solidify JobOne's future viability.

In light of these goals, it became apparent that a strategy for updating its facilities was necessary. JobOne conducted a facilities strategic planning exercise resulting in a plan for JobOne's three to five year future. The agency hired Cyr Nonprofit Consulting, LLC to facilitate the strategic plan and lead a stakeholder group that consisted of JobOne staff, board members, sheltered workshop employees, and parents of sheltered workshop employees.

STATE OF EXISTING FACILITIES

JobOne currently operates out of six facilities: three workshops, an administration building, a recycling facility, and a shredding facility. The condition of the three workshops makes them an impediment to acquiring and efficiently fulfilling profitable contracts and achieving surplus cash flow. The recycling program is in a market rate rent facility, which contributes to a



JobOne Facilities Strategic Plan Executive Summary

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negative cash flow for this business line. Also, there is no room for expansion at this facility, but the recycling program shows promise for growth. The shredding business is in a cost efficient space in a good location.

NOTABLE AND EMERGENT ISSUES:

- Workshop facilities are outdated for their intended use, in need of maintenance, and do not provide a comfortable environment in which to work.
- Multiple workshop locations reduce efficiencies of operations and staffing.
- Small, spread out, inaccessible workshops make it difficult to amass teams of employees that are a right fit for contracts. JobOne has had to turn away work due to this inefficiency.
- The outdated state of the workshop facilities is turning away customers and possibly employees.
- Recycling Services needs to be housed in a separate building that can accommodate growth and is a Grandview location-sensitive business.
- JobOne expects to lose workshop employees due to increased distance between a consolidated workshop and some employees' residences.
- A consolidated location with nearby amenities is preferred.

CONSENSUS ON HOW TO ADDRESS FACILITY INEFFICIENCIES

The stakeholder group considered alternatives for how to consolidate JobOne's facilities. This emerged as the preferred option:

- Relocate all three workshops and Administration to a centrally located site. With current sites in Grandview, Blue Springs and Independence, Lee's Summit is a natural choice.
- Renovate the former Grandview workshop to house Recycling Services.
- Retain the Grandview Administration building for future programming (supported employment and/or day services).
- Leave Secure Documents Solutions in the Independence Underground. Negotiate cost effective lease extension in 2015.
- If the workshop business line is abandoned (due to regulatory or social pressures), Secure Document Solutions can then occupy the former workshop space.



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FINANCIALS

JobOne created a four year budget that accounts for general operations, expenses related to the facility consolidation, including leasing, outfitting and moving into a new workshop facility over a period of three years, and renovating the former Grandview workshop to house Recycling Services. In the first three years expenses exceed revenues by **\$825,985.00**. The budget shows JobOne operating at a surplus in the fourth year. Research revealed that, based on comps, the sale value of the Blue Springs and Independence workshops and land owned by Eitas amounts to **\$1,218,429.00**. JobOne is now looking at ways to bridge the gap in funding in order to make this facility plan a reality.

NEXT STEPS

- Host a town hall meeting in the fall of 2015 to share the work of the facility steering committee with all interested stakeholders
- Work closely with eitas to determine the best course of action for collaboration to make the plan a reality
- Take a closer look at transportation issues associated with implementation of facility plan
- Determine ways to finance renovation of Grandview and acquisition of consolidated facility