

V·T·C  
ENTERPRISES

VTC Enterprises  
2007 Annual Report

**VTC Enterprises**  
***Board of Directors 2007-2008***

<u>Office</u>	<u>Name</u>
President	Polly Huffer
Vice President	Cathy Buchert
Past President	Cynthia Graumann
Treasurer	Dr. Michael Miller
Recording Secretary	Cole Kinney
Director	Dan McCaffrey
Director	Sara Cackler
Director	Henry M. Grennan
Director	Mark Malangko
Director	Paul Reeves
Director	Lydia Pantazes
Director	Dale Abram
Director	Emilie Koff-Martin
Director	Kathy Fargen

# CHIEF EXECUTIVE OFFICER'S 2007 REPORT

By Kirk Spry, CEO

The mission of VTC Enterprises is to assist youth and adults with disabilities or other limitations in choosing and achieving their life goals.

Total numbers of individuals served have declined slightly in recent years. This overall decrease is evident even though there has been an increase of persons served who are blind/visually impaired under the Department of Rehabilitation (DR) BVI grant and those who are deaf/hearing impaired.

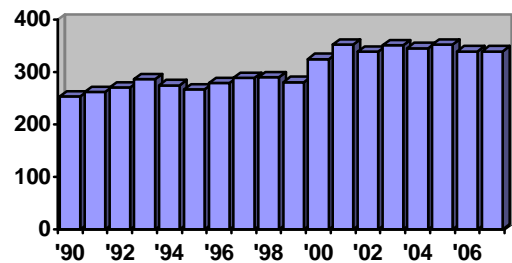
Decreases are the most noticeable from DR services and Department of Developmental Services (DDS) referrals for Quality Life Services, Integrated Work Services, and Work Activity Services. As can be seen on the pie chart on the next page, Tri-counties Regional Center, funneling DDS funds, continues to be the largest source of fees for service, although the Department of Social Services (DSS) continues to a consistent source of referrals. It is noteworthy that DSS referrals declined a little in 2007 which could

be indicative of a need for an additional marketing to this referral source. Quality Life Services I (QLS) program continues to experience an increasing number of non-ambulatory persons. QLS I and II combined now serve more persons than Integrated Work Services (IWS), something that hasn't occurred in many years. The numbers of persons in QLS who are non-ambulatory and have severe medical challenges reinforces the need for a new building

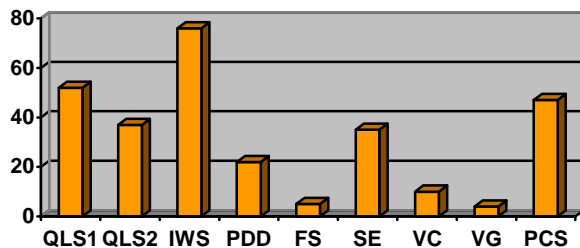
which is currently in the process of development. Statistics show this population increasing every year since 2001. A new building better designed to serve this population should be completed by late 2009. Although the number of direct placements and supported employment individual placements increased somewhat with increased referrals from Department of Social Services and BVI & DHI populations, the number of over-all supported employment

referrals is declining. This trend is likely a reflection of two key factors, 1) increased competition in the area from other services providers, and 2) a preference among referring sources and consumers for individual placements rather than group work sites. This reduction in crew referrals has a significant impact on our ability to maintain existing crews and on our ability to maintain the required direct labor ratio on NISH military base contracts. A plan is

VTC Enrollment '90 - '07

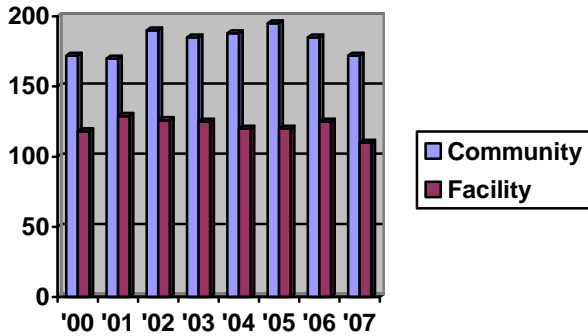


VTC Services '07



currently underway to increase the number of non-crew placements who have a NISH qualifying disability at these work sites.

**Community vs Facility Based Services '00 - '07**



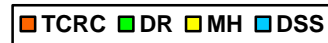
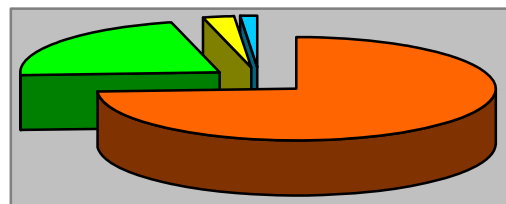
Although the 2006-07 California State Budget included some much needed rate increases to both DDS and DR funded services, there is a risk the 2008-09 state budget may result in a lowering of some of these rates. This would have a significant impact since those rate increases enabled VTC to increase wages that helped in our efforts to recruit and retain competent, trained staff members. A rate decrease would require reductions to be made in our budget for next fiscal year.

During 2007, satisfaction continued to be high both for customers receiving business products and services and consumers receiving services. A new method of obtaining satisfaction information resulted in more accurate and complete satisfaction feedback. As was the case in recent years, the paid work

percentage for facility-based services was quite high. Supported employment crews in Santa Maria continue to have more work than crew workers available to do the work.

The characteristics of persons we serve show an increase in the number of persons served who are deaf or have hearing impairments. This has training implications for staff to ensure effective communication is taking place. There is a slight reduction in the number of referrals from Tri-Counties Regional Center which is likely a reflection of increased competition among service providers in the area and a slow-down in the areas population growth. The Packaging & Duplicating Dept. is continuing to experience a decline in referrals. One option that may be considered for the future is to convert PDD from a “sheltered workshop” model to a business model that hires persons with disabilities, not just for training but for long-term employment.

**Funding Sources '07**



**Employment Services**

Employment Services include the facility-based work sites of Packaging & Duplicating (PDD) and Custom Catering and the community-based supported employment work crews and enclaves (SE-WC), Personal Career services (PCS), Blind Visually Impaired Services (BVI), Deaf and Hearing Impaired Services, services to clients of the County Department of Social Services and the Vandenberg AFB work crews. The trend for fewer group work site referrals is evident statewide as more and more consumers and referring agencies are choosing different employment models.

During 2007, satisfaction continued to be high both with customers receiving business products and services and with consumers receiving services, although the survey return rate

was low. A new method of obtaining satisfaction information is being developed and implemented which should improve the response rate. The paid work percentage for facility-based services and community work crew services in Santa Maria continues to be quite high with more work than workers available to perform it. This fact suggests that VTC may want to target other sources of workers with disabilities, including the general population, in an effort to ensure the contracted business needs of our customers and the direct labor ratio requirements of military base contracts are met.

**Community Integration**

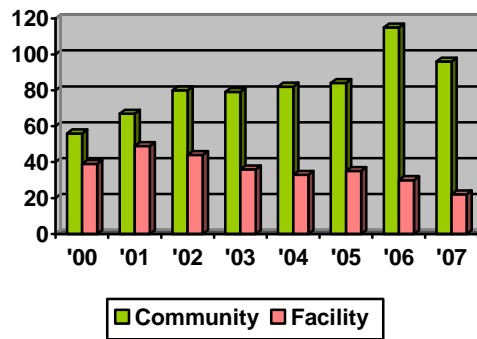
Community Integration services includes the facility-based Quality Life Services (QLS) I & II programs and the community-based Integrated Work Services Programs (IWS) in both Santa Maria and Lompoc. The chart above shows that the modest growth experienced in Community Integration services and the decline in facility based services during the last five years. Further analysis of the characteristics shows that this growth was primarily in QLS and Personal Career Services.

The 2006-07 California State Budget included dollars for wage enhancements targeting those programs that opted to commit to over 51% of program time being in community based rather than facility based settings.

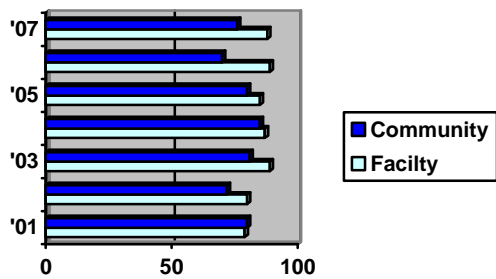
Although the deadline for achieving 51% was June 30, 2008, all areas affected have already surpassed the 51% target.

In an attempt to obtain more paid work in the Lompoc Integrated Work Services area VTC submitted a Community Development Block Grant to the City of Lompoc that would have funded a part-time employment specialist position whose job would be to obtain more paid work in the Lompoc area. This grant was not approved, but an existing position was modified to include job development responsibility. This resulted in increased work opportunities for the program.

**Work Site Location**



**Community Involvement**



VTC Enterprises  
 Consolidated Financial Report  
 For the Twelve Months Ending June 30, 2007

	<i>YTD</i> <u>Actual</u>
<b>OPERATION INCOME</b>	
PRODUCTION INCOME	\$6,704,197.09
FEES INCOME	4,037,361.31
OTHER INCOME	400,553.94
<b>TOTAL INCOME</b>	<b><u><u>\$11,142,112.34</u></u></b>
<b>EXPENSES</b>	
<b>DIRECT EXPENSES</b>	
SALARIES & FRINGE	2,317,742.34
COST OF GOODS SOLD	311,570.14
SUBCONTRACTORS' SERVICES	1,636,180.06
OTHER DIRECT EXPENSES	281,073.65
<b>TOTAL DIRECT EXPENSES</b>	<b><u>\$4,546,566.19</u></b>
<b>INDIRECT EXPENSES</b>	
SALARIES & FRINGE	4,730,168.52
OCCUPANCY	416,301.99
SUPPLIES	244,097.31
COMMUNICATIONS	78,894.48
TRANSPORTATION	136,960.43
DEPRECIATION	286,487.22
GENERAL & ADMINISTRATIVE	104,605.96
<b>TOTAL INDIRECT EXPENSES</b>	<b><u>\$5,997,515.91</u></b>
<b>TOTAL EXPENSES</b>	<b><u><u>\$10,544,082.10</u></u></b>
<b>NET INCOME/LOSS</b>	<b><u><u>\$598,030.24</u></u></b>

# Human Resources Report - 2007

By Tanya Astrosky, Director of Human Resources

## *Accomplishments*

- In April, we changed our medical insurance plan from being a fully insured design to a mini self-funding plan design. We were able to purchase a high deductible plan which lowered our premium costs. In order to prevent passing the full cost burden of the high deductible onto the employee, we created a plan design that allowed both VTC and the employee to pay a portion of the deductible. This plan design was successful in helping to control our health care costs.
- Total compensation package information was given to each employee by Colonial Insurance. This information helps the employee understand the total cost to VTC Enterprises for their position as well as how much they are paid annually to include Paid Time Off, health benefits, etc.
- An Associate Director of Development was hired in December to better advertise VTC to the community and to be the point of contact for the upcoming capital campaign.
- A new 401k plan under the advice of Wes Brown at AG Edwards was offered to our employees effective 1/1/07. The level of employee participation increased from 47 active employees enrolled in the previous 403(b) plan to 85 employees enrolled in the new 401(k) plan.
- A new Employee Performance Evaluation form was designed and implemented.
- In October, a computer software program, DonorPerfect was purchased for managing fundraising efforts, donor lists and grant awards.
- In October, we received a grant from Wood-Claeyssen Foundation for the purchase of new phones and an upgrade to our phone system software. All phones are now display phones with caller ID.

## *Future Challenges*

- The health & wellness of our staff and direct labor workers remains a concern to management. All Staff training meetings will be scheduled during 2008 to address some common wellness issues. The Safety Committee is reviewing another possible Wellness Program that could be implemented.
- Recruitment is an ongoing concern for many industries in the Santa Maria Valley. VTC had a good recruiting year in 2007 and we will need to stay vigilant in our ability to recruit. The annual unemployment rate for Santa Maria city in 2007 was 7.0% however the annual rate for Santa Barbara County was 4.4%. Fortunately, VTC's need to recruit new employees was dramatically reduced from previous years. Only 30 employees were hired for the entire 2007 year.
- While retention of employees will always be a concern, we did see a reduction in the number of inactive employees in 2007. On average for the calendar year of 2007, we had 185 active staff and direct labor workers. We lost 38 employees resulting in an employee turnover ratio of 20.5%. The involuntary turnover rate was 10.8% and the voluntary turnover rate was 9.7%.

The following is a breakdown of the reasons for separation of employment in 2007:

10 – Force Reduction	3 – Temporary Assignment Ended
3 – Other reasons	3 – Job Match
2 – Personal Health	6 – Relocation
6 – Other employment	3 – Job Abandonment
2 – Terminated for work performance or violation of company policy	

# Rehabilitation Services

*By Kathryn Stiles Cook, Director of Rehabilitation*

## **We Value The People We Serve, therefore we.....**

- ✓ ...entered into a collaborative agreement with California Polytechnic State University Computer Engineering and Mechanical Engineering Senior Classes to make adaptive devices to assist our individuals in their performance on the job and independence in the community
- ✓ ...worked closely with the architect in the design of the new Quality Life Services Building
- ✓ ...assisted our self advocates in printing a new self advocacy newsletter
- ✓ ...increased the number of hours we spend in integrated community locations as specified in each person's person centered plan

## **We Value our Services, therefore we.....**

- ✓ ...obtained a Title VII Grant which allows us to serve more people who have low vision or are blind.
- ✓ ...obtained vendorization to provide services to people who are blind through Tri-Counties Regional Center
- ✓ ...became certified through Medicare to provide services to people who are blind or have low vision
- ✓ ...increased the number of collaborators and partners we have in vision services while avoiding duplication of services with another agency
- ✓ ...received vendorization to provide 1:1 services through Tri-Counties Regional Center
- ✓ ...met extensively with our referring agencies to promote ease of service delivery and improvement

## **We Value our Employees, therefore we promote professionalism by ....**

- ✓ ...working together to prepare for accreditation through CARF, the Rehabilitation Accreditation Commission
- ✓ ...providing small group and large group trainings in specific topics as requested by the staff
- ✓ ...receiving regular consultation and training from a local physical therapist to teach the proper ways of lifting and working safely

## **We Value our Community, therefore we....**

- ✓ ...promoted our path as a career option and gave sensitivity training to the kids at Tommy Kunst Junior High School
- ✓ ...provided sensitivity training to kids at Lompoc Elementary School in coordination with KCOY Television Station
- ✓ ...promoted our products and services through the local Women's Network
- ✓ ...gave presentations to the Department of Social Services regarding the menu of services we offer

## **Production Services**

*By Julie Posada, Director of Production*

Although production departments at VTC have experienced several financial obstacles in 2007, they completed yet another successful year. In addition to being financially successful, training opportunities for our participants continued to be a priority.

The Packaging and Duplicating Department (PDD) began processing soft goods for the VTC Foundation Thrift Store. The movement of the thrift store to a South Blosser location made the partnership possible. The thrift store drivers deliver donated clothing and other soft goods to PDD, whose employees then sort and hang the clothing. Completed clothing racks are picked up by VTC thrift store trucks and delivered to the new store location. This new contract provides work for 6-8 individuals each day.

Both the Vandenberg AFB grounds maintenance and commissary contracts experienced budget cutbacks during the past year. This resulted in a reduction in labor force at the grounds maintenance contract. Fortunately, the workers involved were able to find alternative employment either within VTC or with other community employers.

After a two year absence, Custom Catering is again preparing meals for Santa Barbara County's Juvenile Hall. The current contract requires us to prepare and deliver over 100 meals each day including weekends and holidays. Our Catering department is well known for providing excellent catering services at reasonable prices. The newly remodeled *Joe's Place* at the Hagerman Sports Complex and the *Theater Café* located in the Abel Maldonado Youth Center continue to generate income as well as provide work for VTC work crews.

The Supported Employment Department continued to employ and train individuals with disabilities at a variety of off-site group locations. Group work sites include the Gaviota Rest Stop on Highway 101, Saturn Auto Dealership, Longs Drugs, two Theater Café work crews, Joe's Place at Hagerman Sports Complex, two work crews at the City of Santa Maria Recreation & Parks Department, one mobile yard maintenance crew and one mobile janitorial crew.

VTC Enterprises is proud of all our employees who have helped make production departments successful and provide training opportunities for our workers. The production departments plan to continue expanding work opportunities while ensuring the highest quality of our products and services is maintained.

## VTC Enterprises

## 2007 Donor List

Glenn and Jean Abbott  
Sherrie and K.D. Abercrombie  
Dale Abrams  
Adams Bros Farms  
Jean Allen-Faust  
Madeleine and Milton Arel-Davis  
Asbestos Workers Local #5  
Willard and Catherine Atkins  
Wanda Atkinson  
Kristen Bagley  
E.J. Ballard , Angela Robinson/Ballard &  
Robinson, PC  
David and Jay Baumgardner  
Karl and Thelma Bell  
Klara Bergman  
Janet Bertoldi  
Charlene Black  
Richard Blankenburg  
Jerry Boland  
William and Eileen Borneman  
Frances Brannon  
Morris Brannon  
Jim Bray  
Breen Automation Systems, Inc.  
Arden Broadbent  
Richard Brogdon  
James and Pamela Brunson  
Catherine Buchert  
Frank and Betty Bullard  
Byars, Thompson, & Buchanan  
Tom and Lydia Caffrey  
Felix Camacho  
John and Anna Canaday  
Charlie Carroll  
Leonor Castillo  
Catholic Daughter's of the Americas  
Catholic Daughters of America Court 1079  
Central Coast Sod  
Chamblin-Landes Construction, Inc  
Jonathan Charles  
Cherry Cabinets, Inc.  
Billy Colli  
Dean Colli  
Community Bank of Santa Maria  
William and Jeanne Conlon  
Consolidated Electrical Distributors, Inc  
Anna Cooley  
Fred and Teri Cota  
Marcia and Larry Crass  
David Cross  
Cross Speech & Language Center  
Custom Colors & Auto Body Suppliers, Inc  
Charles and Jean Denmun  
Diani, Ward, Diani, LLC  
DWG & Associates  
John and Barbara Eggert  
David Elam  
Agyle Entz  
Michael and Ann Epperly  
Edward Fassiotto  
Jean Faust  
Patricia Fellows  
Margaret Fields  
Lois Fishel  
Flagg Constrution  
Floor Connection, Inc.  
D.R. Fullerton  
Ann Gaines  
Lisa Gallizio  
Michael Galloway  
Gonzalo Garcia  
Beverly Gilbert  
Larry and Candy Gillespie  
Dorothy Gomes  
Cynthia Graumann  
Henry and Beverly Grennan  
Rhonda Gray  
Dennis and Patricia Gummerman  
R.W. and Mary Harward  
Theodore Hernandez  
Seymour and Bernice Hersh  
Karen Hicks  
Mr. & Mrs. Fred Hillman  
Wallace Howarter  
Kim Hurd  
Dale Iliff  
Jennifer Thompson  
Iverson Motors  
Michael and Janine Jenning  
Jim Vreeland  
Max and Linda Jones  
Nancy Keyte  
Cole Kinney  
Peter Kocheim  
Luis Lemus  
Rick Lewis  
Jose and Antonia Loayza  
Walter Madden  
Carol and Michael Mahoney  
Glenna Mahoney

Mar Vista Berries  
Scott Marcum  
Marie Marcy  
Mrs. Domitila Marshall  
Gene Marshall  
Ruth Martin  
Dan McCaffrey  
Mark McNutt  
Richard Medley  
Mary and Ronald Nanning  
National Electrical Contractors Assoc.  
Noontime Kiwanis  
Kathleen Oles  
Mary Oliver  
Joseph Olivera  
Robert Ortega  
Frank Ortiz  
Bill Ostini  
Mark Parson  
Sandie Parsons  
Marie and Frances Pedersen  
George Penny  
Pollock/Ross Investments  
Preferred Pump & Equipment L.P.  
Provincial Council  
Betty Ranger  
Holly Rapson  
Ronald Robinson  
Harriet Ross  
Frank Ruiz  
Russco  
Dr. & Mrs. Michael Sales, MD  
Santa Maria Elks Lodge No. 1538

Melvin Santos  
Ken Schnell  
Segura Security Services  
Edward Shamy  
Siemens Energy & Automation, Inc.  
Alan and Doreen Simmons  
Marty Smith  
Smith Electric  
Virginia Souza  
Tim Staffel  
Lori and Bill Sutton  
Laurie Tamura  
Edna Taylor  
K.M. Telleria  
Joseph Tonascia  
Anna Trotter  
Louise Tonascia  
James Turk  
Robert Turley  
Charles and Catherine Valente  
Charles and Barbara Van Dusseldorp  
Dan and Cheryl Vandervoet  
Ronald Vertrees  
Vikings  
Ina L. Volkes  
Gerald Walsh  
Michael Walsh  
Darlene and James Watson  
Phyllis Wicks  
Joanne Wilkins  
Williams Bros  
Barbara Wilson