



**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL**
Sacramento City Hall
915 I Street
Council Chamber, Room 1103, 1st Floor
Sacramento, CA 95814
February 23, 2017

PANEL MEMBERS

Barry Broad
Chair

Janice Roberts
Vice-Chair

Gloria Bell
Member

Sonia Fernandez
Member

Will Koch
Ex-Officio Member

Gretchen Newsom
Member

Edward Rendon
Member

Sam Rodriguez
Member

Executive Staff

Stewart Knox
Executive Director

Maureen Reilly
General Counsel

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I. PUBLIC PANEL MEETING CALL TO ORDER

Chairman Broad called the meeting to order at 9:33 a.m.

II. ROLL CALL

Present

Barry Broad
Gloria Bell
Sonia Fernandez
Will Koch
Gretchen Newsom
Edward Rendon
Janice Roberts
Sam Rodriguez

Executive Staff Present

Stewart Knox, Executive Director
Maureen Reilly, General Counsel

III. AGENDA

Chairman Broad asked for a motion to approve the Agenda.

ACTION: Ms. Bell moved and Mr. Rodriguez seconded the motion that the Panel approve the Agenda.

Motion carried, 8 - 0.

IV. MINUTES

ACTION: Ms. Roberts moved and Ms. Newsom seconded the motion that the Panel approve the Minutes from the December 16, 2016 meeting.

Motion carried, 8 – 0.

V. REPORT OF THE EXECUTIVE DIRECTOR

Stewart Knox, Executive Director, said, welcome and good morning Panel members, applicants, and stakeholders. Following the Panel meeting in December, we have a larger Panel meeting today with approximately \$15.4M in projects with another \$3.8M in Delegation Order for a total of just over \$19.3M.

Today we have a mix of Single Employer and Multiple Employer Projects. Gregg Griffin, North Hollywood Regional Office Manager, Anna Nastari, Foster City Regional Office Manager, and Willie Atkinson, Sacramento Regional Office Manager, are here today to present the Proposals.

Regarding the Budget for Alternative Fuels and Vehicle Technology Program, \$2M was approved through an Interagency Agreement in partnership with the California Energy Commission. We have approved two Proposals in the last few months for over \$900,000; approximately \$1.1M remaining for the year.

In regards to Core Funds for FY 2016/17, today the Panel will consider \$15.4M in projects with an additional \$3.8M approved by Delegation Order. Should the Panel approve all the projects today, ETP will have approximately \$14M for the remainder of the FY 2016/17.

Under Delegation Order, all project proposals are capped at \$100,000 to be approved by the Executive Director on a continuous flow basis, and as of today, 72 projects were approved totaling over \$3.8M. On a side note, we may want to look at this as a strategy for next year, especially along the issue of Panel priorities. I will have comments about that after the presentation.

For FY 2016/17 program funding to date, we have approximately 549 projects submitted, with a value of just over \$100M. If all the projects are approved today, the Panel will have approved 364 projects with a value of over \$80M in proposals. As we get closer to June, we are limited on funds. I don't foresee any major issues getting us through to the end of this FY, but I would like to discuss the way the Panel makes priorities, and how we, as staff, will handle that as we move into the next FY.

In regards to the FY 2016/17 Fund Status Report, we have a few items that will take place this year; implementation of the Employment Training Management System (ETMS), and the relocation of the San Diego Regional Office.

Regarding applications for contracts that are remaining in the Regional Offices: Single Employer Contract requests are at \$28M; \$2M in allocation. Multiple Employer Contract (MEC) requests are at \$7M; \$4.5M in allocations. Small Business has \$3M in demand; \$2.8M in allocations. Critical Proposals are at \$470,000 in demand; \$6.4M in allocations. Apprenticeships are at \$2.4M in demand; \$1M in allocations. Overall demand is approximately \$40M. We have approximately three Panel meetings left for this FY; we have March, May, and June, and I don't foresee any issues getting most of all the projects funded this FY.

Regarding the number of projects remaining in the Regional Offices: Single Employers 107, MECs 20, Small Business 103, Critical Proposals 0, and Apprenticeships 10; total of 240. AAU by category: Single Employers 25, MECs 3, Small Business 9, Critical Proposals 0, and Apprenticeships 1; total of 38. We will definitely make it through the end of the FY, which is good news. Staff is currently working very hard; 90% of all the projects have been assigned to the regional offices, and they continue to work through the projects as we move forward.

In regards to the legislative update, a handout has been provided to the Panel members. Details concerning the bill are summarized as follows:

AB 316 (Assemblymember Marie Waldron) Workforce Development

Summary: AB 316 includes 3 separate appropriations, one for Labor Workforce Development Agency (LWDA), one for California Workforce Development Board (CWDB), and one for the Employment Training Panel (ETP), all for the purposes of workforce development. The LWDA's \$200M appropriation sets up a competitive grant program for certain targeted populations and geographic areas. The CWDB's \$10M appropriation enhances their existing Workforce Accelerator Program with a grant fund for current students in the community college and vocational certificate programs. The ETP's \$100M appropriation would establish a competitive contract granting program, again to target certain populations, industries, and geographic areas. The bill would add a new section (102018) to ETP's founding legislation, currently UIC 10200 – 102017.

Status: From Printer. May be heard in committee on 3/9/17.

AB 96 (Assemblymember Phil Ting) Budget Act of 2017 & SB 72 (Senator Holly Mitchell) Budget Act of 2017

Summary: These are the budget bill placeholders for this year's budget.

Status: On 1/19/17, AB 96 was referred to the Assembly Committee on Budgets. On 1/11/17, SB 72 was referred to the Senate Committee on Budgets & Fiscal Review.

AB 809 (Assemblymember Sharon Quirk-Silva) Veterans: Workforce Training

Summary: Current law provides various programs to support the education and employment of veterans. This bill would state the intent of the Legislature to enact legislation to develop workforce training for veterans.

Status: From Printer. May be heard in committee on 3/18/17.

AB 1111 (Assemblymember Eduardo Garcia) Removing Barriers to Employment Act: Breaking Barriers to Employment Initiative

Summary: Would enact the Removing Barriers to Employment Act, which would establish the Breaking Barriers to Employment Initiative within the Labor and Workforce Development Agency (LWDA). The bill would require the initiative to be led by the Secretary of LWDA and authorize the secretary to assign all or part of the administration of the initiative to one or

more entities within the agency's oversight, or to authorize another state agency, under specified conditions, to administer a portion of the initiative.

Status: Bill was read for the first time on 2/17/17.

AB 916 (Assemblymember Sharon Quirk-Silva) Workforce Development: Local Workforce Development Board

Summary: The federal Workforce Innovation and Opportunity Act of 2014 provides for workforce investment activities, including activities in which states may participate. Current law contains various programs for job training and employment development, including work incentive programs, as specified, and establishes local workforce development boards to perform duties related to the implementation and coordination of local workforce development activities. This bill would add to those duties requirements to address the differing training needs of employers within the region based on size and legal structure of the business organization and to identify and promote strategies that support the training needs of emerging and dominant business types, as specified.

Status: From Printer. May be heard in committee on 3/19/17.

AB 1149 (Assemblymember Joaquin Arambula) Workforce Investment Boards: Funding

Summary: Existing law requires local workforce investment boards to spend a minimum percentage of specified funds for adults and dislocated workers on federally identified workforce training programs and allows the boards to leverage specified funds to meet the funding requirements, as specified. Existing law authorizes a credit of up to 10% of that funding minimum for leveraged funds, which include Pell Grants and employment training panel grants. This bill would expand the types of services to which leveraged funds may be applied to include supportive services and would expand the types of leveraged funds that may be applied to the 10% credit, described above, to include specified federal, local, state, and private funds.

Status: Bill was read for the first time on 2/17/17.

AB 849 (Assemblymember Dante Acosta) Workforce Development

Summary: Current law declares the need to have a well-educated and highly skilled workforce in the state. Current law also declares specified principles to guide the state's workforce investment system. This bill would declare the intent of the Legislature to subsequently amend this bill to include provisions that would convene a task force to review and establish common performance measures for the state's workforce education programs, as specified.

Status: From Printer. May be heard in committee on 3/19/17.

AB 977 (Assemblymember Travis Allen) Workforce Development

Summary: Current state law provides that the California Workforce Development Board is the body responsible for assisting the Governor in the development, oversight, and continuous improvement of California's workforce investment system and the alignment of the education and workforce investment systems to the needs of the 21st century economy and workforce. This bill would make a non-substantive change to that provision.

Status: From Printer. May be heard in committee on 3/19/17.

AB 1336 (Assemblymember Kevin Mullin) California Workforce Development Board

Summary: Would require the California Workforce Development Board to determine the approach for measuring labor market impacts, provided that, to the extent feasible, the board uses statistically rigorous methodologies to estimate, assess, and isolate the impact of programs on participant outcomes. The bill would modify the requirement that the workforce metrics dashboard be produced using existing available data and resources that are currently collected and accessible to state agencies, to require that it be done to the extent feasible.

Status: Bill was read for the first time on 2/17/17.

SB 449 (Senator William Monning) Skilled Nursing & Intermediate Care Facilities: Training Programs

Summary: Current law requires a skilled nursing or intermediate care facility to adopt an approved training program, which is required to include a precertification training program consisting of at least 60 classroom hours of training on basic nursing skills, patient safety and rights, the social and psychological problems of patients, and resident abuse prevention, recognition and reporting, and at least 100 hours of supervised and on-the-job training clinical practice. This bill would require that at least 8 of the 60 hours of classroom training address the special needs of persons with Alzheimer's disease and related dementias. By changing the definition of a crime, this bill would impose a state-mandated local program.

Status: From Printer. May be heard in committee on 3/18/17.

SB 366 (Senator Connie Leyva) Electrical Corporations: Workforce Development: Green Tariff Shared Renewables Program.

Summary: Would require the PUC, in consultation with the Labor and Workforce Development Agency, to establish rules by January 1, 2019, requiring an electrical corporation to establish training programs that will cultivate quality workforce development, and that will provide recruitment, job opportunities, and job retention strategies for residents living in disadvantaged communities. The bill would require that the training program include those training opportunities that the PUC determines to be prudent and reasonable for persons that construct, operate, or maintain distributed generation resources that interconnect to the electrical corporation's electrical grid.

Status: From Printer. May be heard in committee on 3/17/17.

SB 758 (Senator Cathleen Galgiani) State Employment: Apprenticeship Agreements

Summary: This bill would state the intent of the Legislature to enact legislation that would ensure compliance in state employment with that required apprentice agreement provision.

Status: Bill was introduced and read for the first time on 2/17/17. Bill currently resides at the Senate Committee on Rules.

SB 762 (Senator Ed Hernandez) Health Care Workforce Development

Summary: This bill would state the intent of the Legislature to enact legislation relating to health care workforce development.

Status: Bill was introduced and read for the first time on 2/17/17. Bill currently resides at the Senate Committee on Rules.

SB 789 (Senator Josh Newman) California Apprenticeship Council: Report

Summary: Current law requires the Chief of the Division of Apprenticeship Standards and the California Apprenticeship Council to report annually through the Director of Industrial Relations on the activities of the division and the council, and further requires that the report include specified information with respect to apprenticeship programs in this state. This bill would require the report to include an analysis of any apprenticeship standards or regulations that were proposed or adopted in the previous year.

Status: Bill was introduced and read for the first time on 2/17/17. Bill currently resides at the Senate Committee on Rules.

Mr. Knox said, as you know we've launched the Employment Training Management System (ETMS) three and a half months ago. Initially, ETMS was only used for Single Employer. The employer functionality has been operational, and over 300 applications have been submitted through the new process. Twelve projects are in the development phase, and we will see a few of those projects come through in March and May.

As discussed previously, we are making more enhancements and improvements on the Multiple Employer Contract (MEC) system, and we are looking at the end of the FY, or midsummer for those changes to take place. What I'd like to see is get further into the development phase of the new system, and then we can look at some dates in the future to hold a forum with the stakeholders.

We received all your feedback, and currently, we are recommending 14 pages worth of improvements to the vendor, Geographic Solutions. As we get closer to the end mark, we can bring all of the constituents, and have a discussion on where we are.

We will be sending out packets to our Panel members prior to its first introduction, and we would like your input. It will be different from what you see today; different is not always bad. There are some issues with how the presentation looks, but we are working on improving those issues, and we will try to get them out by April.

Our call centers will continue to provide support; we are open Monday to Friday, 8am to 5pm., and most of you have emailed and given our staff kudos on how the call centers are working.

Mr. Knox said, I would like to present some ideas to the Panel moving into the next FY. The Panel does not have to take action or make a decision today; these are just previews.

For now, the caps on the Delegation Order are working at this point. We have seen a huge uptake on the projects that are \$100,000 or less. We want to present some ideas on how to streamline that a little bit better going into the next year.

On policy issues, I have four or five different ideas, and Ms. Reilly will also present an idea, but not for a vote. I also want to bring up setting a standard cap for healthcare benefits. In the past, we've done a couple of reviews from our own internal audit. We've looked at the Kaiser example of what the costs are to the employers, and we have some good evidence of where the costs occur.

Typically, the cost is around \$3.08, and Kaiser ranges anywhere from \$2.75 to \$4; JATC and union side is a little bit higher. We've talked about possibly setting it at \$2.50, which is a very safe number, and there are reasons behind that, which Ms. Reilly will discuss further later on.

Concerning priority setting for the next FY, we can hold a forum in March, and discuss some options and get some input around this. Currently, the Panel sets the priorities. With the launch of ETMS online, we are accepting application and pre-applications 24 hours a day, seven days a week, all year long, and we don't have an open or close dates, unlike other grant programs that have open or close dates. While that is good, it also constraints the flow of the projects, and part of that is the priority setting. There is no way to stop the non-priorities coming in, so one of the idea is hold the non-priority pre-apps, and then look at those projects in December. We can look at the funding that's coming out of the first six months, and then consider the non-priority projects moving forward; we can look at their pay scale, and benefit packages. If they are \$100,000 or less, we can continue to move forward. Obviously, we want to be sensitive to those businesses we serve. Those are just some ideas, and we would love to have your input.

With regard to substantial contribution, we are looking at some options for the Panel to review in the future. The current model we have is somewhat cumbersome. We wanted a fresh start when we launched the new ETMS. Therefore, the substantial contribution from the old system was not downloaded into the new system.

Ms. Roberts and I had some discussions, and we looked at a few models, like Washington State. If you receive a grant in a five-year period, you are out for two years. It sounds simplistic, but there are plenty of details around that. We will continue to look at other models throughout the states to look for ideas; also remembering that we have a two-year contract.

Regarding the high unemployment area (HUA) and regions, the Panel has the authority to define the regions; we have 58 counties, and sometimes we even go as low as zip code, depending on the area, which is a good thing. However, that data is complex because there are over 26 different components and tables, and then you add the actual pay that the

employers pay, which complicates it even more. With the new ETMS, it's overly complex, and we would like to simplify a lot of the problems we currently have, if possible.

Those are just some of the ideas that will come up in the next couple of meetings for the Panel to review.

Mr. Broad said, before we move to the General Counsel's report, I have one issue that I want to raise for the Panel and staff to consider. We don't have to do anything about it right now, but it's inevitably going to come up. We have to determine priority funding on where we are going to place businesses involved in the production and distribution of marijuana. With the passage of Proposition 64 and the Regulation and Taxation Act of 2016, all forms of marijuana is lawful under the State law; not necessarily under Federal law, which is a complexity.

Nonetheless, this is a business that is emerging from an illegal market into a lawful market. They may or may not be paying the employment training tax, because it's a cash business deal, and they are not allowed to do banking. This question is going to be triggered by someone applying for training funds from us. This is something that we'll have to think about, and we need to determine how we want to treat that industry.

This is a lawful industry, and it should be treated no differently than the others, like alcohol manufacturing or pharmaceutical companies; there are a lot of people who produce drugs, and we would not refuse to fund them; that's a question we'll have to confront. We will discuss that when it arises

VI. MOTION TO ADOPT CONSENT CALENDAR PROJECTS

Mr. Knox asked for a motion to adopt Consent Calendar Items #1 through #10.

California Expanded Metal Products Company dba CEMCO	\$233,000
Clarkwestern Dietrich Building Systems LLC.....	\$187,200
Cobham Advance Electronics Solutions Inc.....	\$149,440
Gar Tootelian, Inc.....	\$124,575
Gardena Hospital, L.P. dba Memorial Hospital of Gardena.....	\$152,000
Inter-State Oil Co.....	\$160,560
Riverside County Economic Development Agency.....	\$244,315
Simpson Strong-Tie Company.....	\$192,858
Squar, Milner, Peterson, Miranda & Williamson, CPA, LLP.....	\$159,000
Ventura County Community College District.....	\$88,750

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of Consent Calendar Items #1 through #10.

Motion carried, 8 – 0.

VII. REQUEST MOTION TO DELEGATE IN EVENT OF LOSS OF QUORUM

Mr. Knox asked for a motion for the Panel to delegate authority to the Executive Director to approve Proposals and other action items on the Agenda in consultation with the Panel Chair or Vice Chair.

ACTION: Ms. Roberts moved and Ms. Bell seconded the approval to delegate authority to the Executive Director in event of loss of quorum.

Motion carried, 8 – 0.

VIII. REPORT OF THE GENERAL COUNSEL

ACTION ON APPEAL BY REGIONAL TECHNICAL TRAINING CENTER (RTTC)

Maureen Reilly, General Counsel, said, Panel members each of you have a manila folder. This is a packet with three letters and print out of the governing regulation regarding an appeal by the Regional Technical Training Center (RTTC). We rarely have appeal matters come before the full Panel; the last one was in 2012. Let me just explain briefly, there's two levels of appeal under our governing regulation which follows the Administrative Procedures Act for administrative adjudication.

RTTC is a repeat Multiple Employer Contractor (MEC) for ETP, and this appeal was filed on behalf of RTTC by its CEO, Bernie Ashcraft. This is regarding an overpayment of ETP funds of approximately \$168,000. Contract ET14-0142 was approved for funding at the Panel meeting of August 2013 for just under a half a million dollars for new hire training of an estimated 90 hard-to-serve unemployed persons in Oakland. The ETP Fiscal Unit determined that there was insufficient record keeping demonstrating that the training was delivered. Attendance rosters were missing, and we need that to ensure that the hours of training billed were delivered.

The fiscal closeout on this contract is normally at the end of the contract term, which would've been around September 2015. However, closeout was delayed for about a year for RTTC, as the contractor tried to locate the missing attendance rosters. Now, their position is that the rosters were taken by a disgruntled employee, and from there, it gets complicated.

ETP gave Mr. Ashcraft several extensions to locate the rosters; at the field level of the San Francisco Regional Office during the monitoring, also on the Fiscal Unit during closeout, and in the Legal Unit at the first level of appeal.

The first level was to Executive Director, Stewart Knox, and that appeal was denied by the letter of January 17, 2017. This left Mr. Ashcraft with the right to further appeal to the full Panel action today; he did so by letter on January 18, 2017, which is also in your packet. He was also informed of his appeal rights for what to expect at the Panel by letter dating February 8, 2017.

The Panel must take action on this appeal today, due to deadlines set forth in the governing regulation, but this doesn't mean that the Panel have to make a decision today. However, Mr. Ashcraft was unable to appear today due to prior business commitment for RTTC.

Under regulation section 4450, it identifies the two levels of appeal, and it sets the deadlines under subsection a(1) and (2). As you can see at subsection a(2), the Panel must take one of three action within 45 days of first level decision, and that would be Mr. Knox's letter dated January 17, 2017.

Staff recommends a third action listed under section 4450 a(2). This would require appointing a subcommittee to conduct a formal evidentiary hearing at a future time and date in Sacramento. The subcommittee acts as the hearing officer, and also are asked to propose a ruling that would come back to the full Panel for action as a final ruling. The hearing officer ensures that there is an administrative record of evidence, including witness statements in case the matter proceeds further to Superior Court. That process is also mentioned in the regulation under subsection (c), administrative writ of mandate.

However, the Panel may also opt to conduct a hearing before its full body at a future date, which is your second choice under subsection 4450 a(2), or it may refuse to hear the matter at all, which is the first choice in that subsection. If the Panel refuses to conduct a hearing, or hear the matter, there is still a right of appeal under that writ of mandate procedure. The record would then consist of the first level decision and supporting documents.

In the past, the Panel has appointed a subcommittee. This has come up once in 2012, and the Panel appointed a subcommittee in the person of Panel Chairman, Barry Broad, and we almost had a hearing, but the appellant didn't show. I might add, I have been in communication with Mr. Ashcraft for RTTC, and he finds this action acceptable.

Mr. Broad said, since the appellant isn't here today, and we want to afford him the highest degree of due process, I would propose that we go with the proposed hearing option. I would do what I have done before, which is, act as a hearing officer to conduct the hearing. Should the hearing proceed, I will issue a proposed decision after hearing all the evidence. The Panel would essentially act as an appellate body to approve, disapprove, or modify the proposed decision.

Typically, in that situation, if it got that far, the appellant doesn't change the factual record. In other words, the full Panel wouldn't re-hear all the facts of the case. The appellant could himself, or through an attorney, argue about procedural irregularities, or something like that, but the administrative record, as it was taken at the proposed hearing level, would be the record before you.

This is one of the rare circumstances where we're acting in a quasi-judicial, as opposed to quasi-legislative role, and so we take on the function of a court, or administrative law judge with a full appellate panel. I would make a motion that the Panel appoint me to act as a hearing officer to hear the appeal, and to prepare a proposed decision on the record that is made at that hearing. Is there a second to that motion?

ACTION: Mr. Broad made a motion that the Panel appoint him to act as a hearing officer to hear the appeal and Ms. Fernandez seconded the motion.

Motion carried, 8 – 0.

PREVIEW REGULATION PACKAGE FOR FY 2016-17

Ms. Reilly said, the Panel members are authorized to adopt regulations interpreting its enabling legislation, and to amend them as necessary. The regulations are published under Title 22, in the California code of regulations.

From time to time, the Panel takes action to adopt, amend, or repeal through the rulemaking process governed by the Administrative Procedures Act. This is the quasi-legislative function, as opposed to quasi-judicial. This process takes a minimum of six months from start to finish, and it requires a 45-day notice period for public comment.

As part of the process, staff takes a proposed recommendation to the Panel for regulation, revision, or adoption, showing in strikeout, and underlined format to clearly show the changes. There is a cover memo, and a discussion of why staff is recommending the changes, and the full discussion on the Panel's part. At that time, the Panel could ask for further changes.

Once the Panel has approved the text of the new or amended regulation, we will post a hearing notice for the public to attend and comment. The Panel doesn't have to adopt the comments, but they can consider them. It's all very procedural, that's the main thing; that's why it takes so long.

Staff is currently reviewing the Panel's existing regulation to determine if some of these changes are necessary, and this will include a review of the various definitions under section 4400. There are several minor changes as things come up in the years; we have not done a regulation change in five or six years.

In particular, staff will be reviewing the possibility of amending regulation section 4418. This is on wages, and it discusses what the Panel will consider as wages, such as tips, bonuses, commission, and employer paid share of health premiums. It needs some clarification, as Mr. Knox mentioned.

One idea to address is a way to a better system of valuing that employer paid share of cost. At present, we pretty much accept the employer's statement as to what they are paying toward the premium share cost, but there really is no distinction as to whether a trainee for example, is being covered for single health coverage, or single plus one health coverage, or family health coverage; or whether that trainee has opted out of coverage. Everything is more complicated with the Affordable Care Act (ACA), especially if the ACA could possibly change, as we move forward. Whatever the valuation is, we pretty much accept the employer's statement. That amount, up to whatever they need to make the post-retention wage is included in earnings.

The employer paid share of health benefits are considered earnings under the labor code and our statute recognizes it specifically under UI Code section 1020(f). Now our regulation right now says that these health benefit payments must be reliable and verifiable, but there's no valuation method. This is all in the training plan proposal, under the Training Plan Table. Regardless of contrary type, there is no distinction in health and premium share of cost between types of coverage.

As part of the proposed amendments, staff will recommend across the board valuation for these employer paid share. This is what we're looking at now as a way to streamline. We are conducting a research to see if there are studies on what an average employer paid share of costs is. We did a survey among our own audited contracts population to see, because audits will look to payroll reporting, and other means for the actual employer paid share of cost, so we have a report on that. The more difficult thing is to find out if there are any research on how many people opt out, and there may not be.

Mr. Broad said, there are many factors that are involved when it comes to creating the valuation of health care, and we, as the Panel, don't know because they might repeal the ACA. They might take it back to "cancer only" healthcare contracts, which means you have a lifetime hospitalization cap at \$100,000, which means you get one trip to the hospital in your entire life. We need more clarification; it's a bit more complicated.

We need to know what healthcare packages are offered to the employee. Is it for an individual, or family? What is the cost of employee share? There may be other factors. Those are meaningful things, because we don't know if the employee can afford it; that is very common in lower wage employment where they offer health coverage, but the employee can't afford it, so they don't do it. I just want to make sure that we're giving the proper credit to the employers who are really paying for a decent healthcare plan, and we're essentially discounting the value of healthcare that is elusory. That may not be a function of trying to value, so come up with some dollar amount, because it's an actual reality for each employee. I don't know if that is something we can work on, but that will actually tell you whether what they're offering is real or not.

Mr. Knox said, it's probably doable; it's kind of what we do now. Right now we are seeing some of them valued at \$6.00 an hour, or whatever that might be, and that might be the employer share, because they're paying 100% of a family package. There are others that are at \$.50 on the dollar, because it's only offered to the employee, and they're paying 75% of their total care.

Another issue we're facing under the ACA is that they may opt out if they are a minimum wage earner, or sometimes, it's cheaper for the employee to move forward and go through Medical. We find that in the audits; that's the only place we can find it, then it's an overpayment issue. It's very complex, but we will come back with some suggestions. I think that there's a way to work through a portion of it.

For now, this is what we're trying to say, let's just give one blanket cost across the board, which is fairly low; lower than what most employers pay, which is \$2.08. This is the average cost for most employers.

Mr. Broad said, you can bring it back, but I just don't know if that will work. For example, in San Francisco, the healthcare cost for hotel union workers is 80% of the cost of their wage level; it's a lot of money to provide full family healthcare.

Healthcare is simply wages paid out in another way, right? I hate to see somebody get the benefit of paying out wages in another way that they're not paying out. That's just not going to work, because we're allowing them to credit against the ETP minimum wage. That's a real gift to someone who is not paying for healthcare, and not paying very high wages. That's not a high priority funding for me. The employer who pays high wage and healthcare, or pay low wages but provide a good healthcare plan deserve the credit for that payment. I can see the administrative complexity of it. If we allow them to use healthcare, it has to be real healthcare.

Ms. Reilly said, we were talking about the union issue, and as I understand, it's part of the collective bargaining. If the employer agrees to pay a certain amount of money, it goes into a trust fund, and I don't even know if they can opt out, unless they demonstrate another source of coverage. In the state of California, you can't opt out unless you demonstrate that you have other coverage. So far, the opt out issue is the issue in the private-sector, because it's linked to the individual's decision when you can come in and out, and you can dropout at any point in time. There is also an annual \$95 tax penalty under the ACA if you fall under a certain income level, and that is less than paying \$195 a month for health care premium

The only reason we came up with the idea of an across-the-board value that is a little low is because it would also assume enrollment; and not try to get into the individual opt out or not. We err on the side that the trainee is enrolled; we can make that assumption, but bring down the value. With the union situation, it's different. We can see the value because it's in their collective bargaining agreement. However, in the private sector, it's not so easy because it's not as transparent.

Mr. Broad asked, is there any point of doing this until we find out what they are going to do with the ACA? Ms. Reilly said, right now, we're relying on the employer's statement, and we have been getting some fairly high statements of health benefits share of cost, and we don't have any way to document it.

Mr. Broad asked, so we may have employers who are putting their finger on the scale, is that what you're saying? Ms. Reilly said, it's hard to say. It comes down to the individual's decision as to whether they take the coverage or not; whether they cover their family or not. I don't even know if the employer is quite sure. That's why we were going towards the idea of assigning a reasonable value.

Mr. Broad said, but the employer should know because it comes out of their paycheck? Ms. Reilly said, it could change during the course of the contract too. I don't know people's decision about health care coverage; and then there's open enrollment. It's just one of those areas where we have to do some research. The policy issue is, right now, we don't have any means to determine the reliability and verify it, except for the union's where we have the access to the collective bargaining.

Mr. Broad said, the take-up level of insurance is a critical issue because the employer is sort of giving the iron fist on the velvet glove. If none of the workers can afford to take up the insurance because they don't earn enough, then it's sort of a theoretical benefit.

Mr. Rodriguez asked, can you give us a theoretical example from an employer's perspective? Ms. Reilly said, as to why, at the time of development, they give us a dollar amount, but perhaps they're not quite sure?

Mr. Rodriguez asked, what are they actually stating? Ms. Reilly said, in the private sector, we don't know if the employers allow people to opt out from an employer-sponsored health plan, which is allowable under the Employee Retirement Income Security Act (ERISA). There could be various plans, as Mr. Broad was saying. You don't have to sponsor the gold Cadillac plan; you can sponsor an array of plans with different premium levels. It's unusual for an employer to pay 100%; even the State doesn't pay that. You pay your own share of costs for that premium.

Mr. Rodriguez asked, just for clarification, when you say sponsor, is that providing or directing the employee to go to the exchange? Ms. Reilly said, what I meant by sponsor is the employer has established a broader risk pool because of the health insurance. If you're a single payer, and you're only insuring yourself, you're on the risk pool. Typically, the premium cost is high, but if you have a sponsored plan group coverage, then the risk broadens. You can have a lower premium, whether the employer pays whatever percent of the cost is borne by the employer. Other than union negotiations, that's up to the employer, as long as you're sponsoring the plan; that's the employee's choice.

Ms. Reilly said, there is an array of plans with different level of coverage. It's very complicated. For now, we just accept the employer's statement, but in the private-sector, each employee can make a choice during open enrollment, and they can also change coverage at any point in time, or opt out.

Mr. Rodriguez said, at least for me, I share some of Mr. Broad's concern. We don't really know what's going to happen at the federal level that would affect the California exchange, but I appreciate the due diligence.

Ms. Reilly said, we don't really know; it's just an idea that we're trying to bring to the Panel. Staff's been aware of it for some time - that idea of an across-the-board valuation level - and it is certainly supported by some of the research and surveys of what the typical average employer share of premium costs runs. This is something to discuss. It's a proposed amendment. There's still a public hearing with comments.

Mr. Broad said, right now, part of the ACA is the expansion of Medical in California. What this means is that you could be on Medical at a low cost while you're working. That relieves those employers of that obligation so that can be seen as a subsidy of employers about employer coverage. We certainly don't want to let them count people covered by Medical as a payment that they're making; that should be counted against them because that's the taxpayer paying for that. In a larger sense, that's somebody working, and the taxpayers are paying for their healthcare, because there isn't enough in their wages to be able to afford to

take up the employer's coverage. I don't think I can see a way to get around the reality-based mathematics.

Ms. Roberts asked, why can't we ask for a payroll information prior to them applying versus at the end of the monitoring, since most companies have that information handy. The contractor may offer the health benefits, but the reality is that only a handful of people who are being trained even need the health benefits, because most of them pay higher wages than what the county allows. It may just be the new hires, or some lower level operation staff. This has been done in other states where payroll benefits are requested and it shows how much is paid out for their insurance. Ms. Reilly said, we've never done it at a program level. Audits will look at payroll, not at the monitoring level. Ms. Roberts said, that data should be available; if they want to use it, that's fine; that would be an option.

Ms. Reilly said, we can consider that. Mr. Broad said, that's a good idea. Ms. Reilly said, it's more staff intense, and it won't be automated. Ms. Roberts said, that's what I'm saying, of the 450 employees, 400 don't really need the health benefits, and maybe only 50 will do; it's just a suggestion.

Ms. Reilly said, we can present options. This regulation will be one of the most complicated in the package; it's a complex issue. Mr. Broad said, it's a little rocky at the moment. Ms. Roberts said, and like Mr. Rodriguez said, who knows what will happen with the ACA in a couple of years?

Mr. Rodriguez said, there's a single-payer bill by Senator Ricardo Lara that can take place this year because of what's happening in Washington.

Mr. Broad said, what if we do a regulation, then wind up with a single-payer bill, and it goes into effect next January? Ms. Reilly said, always go on a case-by-case basis. We're doing some research, and there's a range of possibilities from valuation across the board to look at every single trainee who needs it.

Mr. Broad said, I would strongly suggest that we put this on the back burner until the whole thing stabilizes. I think you can propose a regulation, and we can adopt it, but that regulation could be in conflict with the state or federal law. This is a bad year for this with the healthcare change this year.

Ms. Reilly said, we could propose a policy approach to determine which direction to go. These are the issues, and we can propose a policy. Mr. Broad said, OK.

Ms. Newsom said, these issues are definitely in my usual line of questioning, and I get frustrated when I don't have enough information available as to what the employer is doing to help the worker with their healthcare costs. The employers can claim that they meet the post-retention wage by upping their share of cost. I've seen the numbers fluctuate widely, and I just don't have that information as to what that means for the worker, and the prospect of waiting until something happens at the federal level makes me nervous. In the spirit of trying to get more information, I really like Ms. Robert's suggestion to help guide staff. I want to make sure that employers are taken care of.

Mr. Broad said, although that's more work for the staff, not less, and the intention of this proposal is to make it easier for them. This will make it a little more complicated for the contractor, but we should be able to see more documentation for accuracy. Ms. Roberts said, most states require employers to have that payroll information.

IX. REVIEW AND ACTION ON PROPOSALS

Single Employer Proposals

Northrup Grumman Systems Corporation

Greg Griffin, Manager of the North Hollywood Regional Office, presented a proposal for Northrup Grumman Systems Corporation (NGSC) in the amount of \$862,728. This proposal for NGSC has been designated a Critical Proposal by the Governor's Office of Business and Economic Development based on NGSC's planned business expansion and commitment to adding new jobs in California.

NGSC is a global security company that develops innovative products and solutions in unmanned systems, cyber, C4ISR (Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance), and logistics for government and commercial customers worldwide. NGSC operates in four different business sectors: Aerospace Systems, Information Systems, Technical Services, and Electronic Systems.

Mr. Griffin introduced Brian Massey, Director of Process Operation and Administration.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the proposal for Northrup Grumman Systems Corporation (NGSC) in the amount of \$862,728.

Motion carried, 8 – 0.

Providence West Valley Healthcare Center, LLC dba Providence West Valley

Mr. Griffin presented a Proposal for Providence West Valley Healthcare Center, LLC dba Providence West Valley (PWV) in the amount of \$618,458. PWV is a skilled nursing facility owned and managed by Providence Healthcare Center, LLC (Providence) based in Utah.

Mr. Griffin introduced PJ Sanford, Executive Director.

Ms. Roberts said, this seems like a very ambitious project. This is a big project with a lot of moving parts. You have numerous job classifications; be careful with your internal structure. Be sure to keep all your documentations in order. Mr. Sanford said, I appreciate the advice.

Ms. Bell said, feel free to reach out to your representative, because we want you to be successful.

Mr. Broad said, I have a question about your curriculum; is it comprehensive? Do you offer training on how to lift patients who cannot move themselves? Mr. Sanford said, we have a small population of our residents who are bedbound, so we do lift training with our staff on how to mobilize those patients.

Mr. Broad asked, is that a part of the training? I've heard of injuries caused by improper lifting of patients who aren't able to move themselves. People are heavier than they used to be, and lifting patients are causing career-ending injuries because the workers are not using lift teams. I would like to see our funds go into training employees on how to properly lift patients to avoid those injuries. Mr. Sanford said, it's not explicitly outlined in the curriculum, but we provide the training with the Hoyer lift for the patients that are bedbound. Mr. Broad said, thank you.

ACTION: Ms. Rodriguez moved and Ms. Newsom seconded approval of the proposal for Providence West Valley Healthcare Center, LLC dba Providence West Valley in the amount of \$618,458.

Motion carried, 8 – 0.

QVC, Inc.

Mr. Griffin presented a Proposal for QVC, Inc. (QVC) in the amount of \$648,000. QVC is a leading television and e-commerce retailer of consumer goods including beauty products, apparel, electronics, kitchenware, jewelry and more.

Mr. Griffin introduced Melissa Thomas, Employee Engagement Manager, Paul Violette, Training Partner, and Zach Hetrick,

Ms. Roberts asked, do you have any other entities; do you have a warehouse in Pennsylvania? Mr. Hetrick said, we currently have four warehouses in the US. Our headquarters is in Pennsylvania, and our distribution centers are in Virginia, North Carolina and South Carolina.

Ms. Roberts asked, have you received any funding from any of those states? I know those states pretty well, and I know there's really nothing in Pennsylvania, and West Virginia has a minimal funding of \$40,000. Do you understand the complexity of what ETP entails? You're doing a start-up operation and hiring 500 employees. I've been involved in start-up operations in the past, and they don't always come together as you'd like it to. How is your hiring coming along right now? Mr. Hetrick said, we do participate in South Carolina as far as training credits, and this is my second time with this kind of contract in California. We hit our hiring goals for 2016, and we have to process nine million packages for 2017; we are on track to meet our goal.

Ms. Roberts asked, how many employees have you hired for 2016? Mr. Hetrick said, approximately 160; between 2017 and 2018, we will reach 520 employees. Ms. Roberts said, that's a lot of new employees. Mr. Hetrick said, over the course of our four-year project, we estimate that we will end at about one thousand employees. We will operate seven days a week and run a three-shift operation in a million-square-foot building.

Ms. Roberts said, I noticed that you don't have any administrative support, but I understand from another source that you have Ernst & Young as your tax accountants. They are familiar with our training grants; will they be assisting you, or be identified as part of this contract? Mr. Hetrick said, we chose them because they have the experience.

Ms. Robert said, we're certainly happy that you've opened a distribution center here in California; hiring people is really positive for us. I wish you the best of luck on this contract and hope to see you back at the Panel after the success.

Mr. Broad said, it states in the Panel packet that you have 405 trainees. How many people do you have currently employed? Ms. Thomas said, right now, we have 140 employees.

Mr. Broad said, this is what I would like to suggest. I don't want this to sound punitive in any way, but this will be beneficial for you. I would suggest that we bifurcate this contract in half; we'll have part one and part two. After you've shown performance on your contract, come back to us, and request for an amendment. It would be a disadvantage to you if you don't earn all of your money, or only earn 50%, because the next time you come back to us for funding, what we'll typically do is right-size your contract. You may not be aware of this, but you could be harming your future ability to come back to us and get funded at a level that you really need because of lack of performance. Once you've shown that you've done your hiring, loaded your hours, and you're on track, you can return for an amendment. Is that a problem for you? Mr. Hetrick said, no; it's not a problem. I'll respect your thought on that.

Ms. Roberts said, I'm familiar with most of your training, but I don't see any technical training in your curriculum. I know your average training hours is 80. Most of the courses in your training are two, four, or possibly eight hours. I'm just trying to figure out how all the pieces of your training will come together; these aren't really robust training courses. Mr. Hetrick said, it will certainly be broken out over multiple training sessions, and especially the safety training which we're focused on. We've been in our building for 265 days, and we've been safe and have not had any incidence. It's 80 hours of dedicated training all in one shot; it will be a recurring training for multiple functions throughout the course of the year. Ms. Robert said, only 10% of safety training is allowed. I've trained in this area, and we do it in training blocks of two-hours. You're trying to get your operation up and running; there's no technical skills in here.

Mr. Broad said, I don't want to use the phrase "to punish people", but we do sort of punish people who don't thoroughly think through what they plan on doing. The "rookie" mistake that happens is that people ask for more than what they need. We often see this, and people don't complete the training. I would ask you to go back, talk to the staff member that you're working with, and re-look at the number of training hours that you can realistically give your employees. Two solid weeks of training in a warehouse setting is a lot of hours, and I represent a lot of those warehouse workers. You don't want to be in a situation where you train your employees over and over again, which will take away from your production time, just to earn the money.

Mr. Broad said, there's no harm, at this stage, if you want to rethink this; just a word to the wise. I'm going to make a motion to cut this proposal in half, at no prejudice, then come back after you are on track for earning the first half. Ms. Roberts said, you can always come back

for an amendment once you've earned 70% of the dollars. Mr. Broad said, we want you to succeed; we want you to come back.

Mr. Griffin asked, Mr. Broad, would you like them to come back and appear before the Panel for the amendment? Mr. Broad said, I'd like to see them come back to the Panel.

ACTION: Ms. Roberts seconded approval of the proposal for QVC, Inc. in the amount of \$324,000. (Original request was \$648,000.)

Motion carried, 8 – 0.

The Boeing Company

Mr. Griffin presented a Proposal for The Boeing Company (Boeing) in the amount of \$333,175. This project has been designated a Critical Proposal by the Governor's Office of Business and Economic Development based on Boeing's plan to expand its business capacity in California by adding several new hundred high-skilled, high-wave engineering jobs in 2017.

Boeing is a manufacturer of commercial jetliners and military aircraft. Boeing also designs and manufactures defense systems, satellites, and launch vehicles. The Company's customers include most domestic and international airline carriers, NASA and all branches of the military.

Mr. Griffin introduced Noreen McQuinn, Technical Fellow.

Ms. Newsom asked, when you move your engineers around, is that between the Long Beach and Seal Beach location, or is it out-of-state? Ms. McQuinn said, it's within the Seal Beach and Long Beach area. We're just moving them to a different department, not out-of-state.

Ms. Newsom asked, what is the distribution of the trainees between your Long Beach and Seal Beach facility? Ms. McQuinn said, two-thirds of the engineers are in Seal Beach, and one-third in Long Beach. Boeing products for core engineering are designed and produced in Long Beach, and service engineering for aircraft modification is in Seal Beach.

Ms. Newsom said, Reuter's reported that Boeing received over \$8.7B in tax break from the state of Washington in 2013, but also noted that since the tax break, Boeing eliminated approximately 11,000 jobs. Also, LA Times reported last month that Boeing anticipates laying off engineers. Are these the same engineers that you're planning to train? Can you please elaborate on that? Ms. McQuinn said, Boeing is a specialty company. We have builders, and provide customer service throughout the country and parts of California. The builder industry and customer service grew by about 800 or so. From the time we had the last contract, we grew by another hundred to support the additional and final buildout of the existing Boeing aircraft. At this time, there are no plans for layoffs within our sector. What we generally do is hire the people who were laid off. The problem is they need quite a bit of training in order to shift over, because we are a specialty company.

Ms. Newsom asked, will this training be for your current engineers, or is this hiring a new segment of engineers and then training them? Ms. McQuinn said, this training will be for a new segment of engineers, because when we shift people around within the different model, they require additional training. Ms. Newsom said, thank you.

Ms. Bell asked, what is the final closeout invoice from the previous contract that was submitted in January? Mr. Griffin said, the final number was 90%.

There were no further questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the proposal for The Boeing Company in the amount of \$333,175.

Motion carried, 8 – 0.

ABC Home Health Care, LLC dba Bridge Home Health, LLC

Mr. Griffin presented a Proposal for ABC Home Health Care, LLC dba Bridge Home Health, LLC (Bridge Home Health) in the amount of \$348,088. Bridge Home Health provides home-based patient care services for skilled nursing, rehabilitative care, and therapy. This therapy includes physical, speech, and occupational therapy; medical, social services, activities of daily living and hospice. There are two distinct patient groups: 1) short-term, transitional rehabilitation patients, and 2) long-term, chronically-ill patients.

Mr. Griffin introduced Joe Monteforte, Director of Finance, and Mike Suor, Executive Director.

Ms. Roberts said, I just want to commend you on your higher wages for your CNA's; you pay good wages.

Mr. Rodriguez said, I'm not familiar with bundle payments. Mr. Suor said, it's a different payment model. It's a challenge between upstream and downstream providers; we get reimbursed through the upstream providers.

Mr. Broad asked, is the hospital getting a lump sum? Is your money coming from insurance, government program or Medical? Mr. Suor said, right now majority is through Medicare.

ACTION: Ms. Roberts moved and Ms. Newsom seconded approval of the proposal for ABC Home Health Care, LLC dba Bridge Home Health, LLC in the amount of \$348,088.

Motion carried, 8 – 0.

Glanbia Nutritionals (NA), Inc.

Withdrawn

Orora Packaging Solutions

Mr. Griffin presented a Proposal for Orora Packaging Solutions (OPS) in the amount of \$749,600. OPS is a nationwide manufacturing, distribution and logistics company. The Company manufactures corrugated paper products, packing materials, janitorial products, shipping supplies, and custom-built corrugated packaging and industrial packaging products.

Mr. Griffin introduced Karen Merriman, Manager, Talent Development.

Ms. Bell asked, did you say that your wages are actually higher than what is listed in the proposal? Ms. Merriman said, the range is higher; the lowest wage in that job segment is at \$11.70. Ms. Bell asked, is it \$11.28 for the shipping and receiving staff? Ms. Merriman said, I only have one person in that position.

Ms. Bell asked, what is your starting rate of pay? Ms. Merriman said, it depends on the site; there are 21 sites represented in this contract. Ms. Bell asked, is your pay scale based on geography? Ms. Merriman said, yes; it's by geography, manager and job position. Managers have the latitude at their site to hire for the position. Since we operate independently by site, the new vice president of our HR has flattened all our pay structure. We are going through the process of making all of the jobs across the sites more levelled; that's why you have that broad variance. Ms. Bell said, thank you.

There were no further questions from the Panel

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of the proposal for Orora Packaging Solutions in the amount of \$749,600.

Motion carried, 8 – 0.

Fox Factory, Inc.

Anna Nastari, Foster City Regional Office Manager presented a Proposal for Fox Factory (Fox), Inc. in the amount of \$350,040. Fox designs, engineers, and manufactures high performance shock absorbers and suspension products for mountain bikes, snowmobiles, motorcycles, ATV's, UTV's, off-road trucks, SUV's, and specialty vehicles.

Ms. Nastari introduced Martha Chavarria, HR Business Partner, and Majusha Velivelli, Production Manager.

Ms. Newsom said, the wage range for the 337 trainees for your production staff is \$12.50 to \$28.50. Can you give me a breakdown? Ms. Chavarria said, the lowest paid trainee is our production staff assembler, and there are different levels. Right now, we probably have 20.

Ms. Roberts asked, what is it that you manufacture; bike parts; parts and products for Ford, Chrysler; Toyota? Ms. Chavarria said, that would be our off-road division. We manufacture the suspension products for off-road; we also have our power sports, ATV's; there's a variety of products. Ms. Roberts said, thank you for the clarification.

Ms. Bell asked, is your main office in Scotts Valley? Ms. Chavarria said, our headquarters and machine shop is in Scotts Valley. We build the raw materials there, and we have over 80 machines operating. Ms. Bell asked, so what do you manufacture in Watsonville? Ms. Vellivelli said, we manufacture and produce the shocks.

ACTION: Ms. Bell moved and Mr. Rodriguez seconded approval of the proposal for Fox Factory, Inc. in the amount of \$350,040.

Motion carried, 8 – 0.

Betts Company

Willie Atkinson, Sacramento Regional Office Manager, presented a Proposal for Betts Company (Betts) in the amount of \$301,200. Betts is a family owned business that manufactures and sells steel springs for the automotive and truck industries.

Mr. Atkinson introduced Laurie Medina, Director of Human Resources, Jonathan Leed, Chief Technology Officer, and Michael Jester, Consultant.

Ms. Bell asked, what is your current headcount? Ms. Medina said, it's 280 companywide, and 250 in California. Ms. Bell asked, of those 280, how many are employed as temporary associates? Ms. Medina said, currently, we have about 9 employees that are temporary associates in California; it's a small percentage. Ms. Bell said, thank you.

Ms. Roberts said, we've funded two previous contracts, and you've been very successful. However, you're still paying fairly low wages in the high unemployment areas in Fresno and San Joaquin. Will there be an increase on the wages for the employees after they receive training, or are the lower wages for the incoming new hire? Ms. Medina said, yes; in most cases, the low wages are for the newly hired, unskilled workers. We also hire at higher rates based on skills that would be \$2 to \$5 higher than the lower end.

Ms. Roberts asked, will the training enhance the skills of the employees to enable them to move up to a higher wage level? Ms. Medina said, yes; it actually has. Within the past year, we have three associates that moved up to our leaf spring assembly, which requires higher skill; you need to know fractions, decimals, and conversions.

Ms. Robert asked, after training, will the employees that came in at \$10 an hour be able to move into a higher paying position? Ms. Medina said, yes; absolutely. We encourage people to move up within the organization.

Mr. Rodriguez said, I need some clarification. You requested for two wage modification; is this part of your administrative policy? Will you be requesting this on an ongoing basis? Ms. Medina said, I would say yes. However, it depends on the area and position.

Mr. Jester said, the wage modifications for the 38 employees are relatively new employees. The wage range for the new hire should probably read at \$15 instead of \$10.28. These employees progress quickly once they complete the training.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the proposal for Betts Company in the amount of \$301,200.

Motion carried, 8 – 0.

Clark Pest Control of Stockton, Inc. dba Clark Pest Control

Mr. Atkinson presented a Proposal for Clark Pest Control of Stockton, Inc. dba Clark Pest Control (CPC) in the amount of \$261,000. CPC provides pest management solutions to residential and business clients.

Mr. Atkinson introduced James Jensen, Director of Finance, and Heather Garcia, Director of Human Resources.

Mr. Rodriguez said, you mentioned that this is your first contract? How did you hear about ETP? Mr. Jensen said, the company that I used to work for was involved with ETP.

Mr. Rodriguez asked, so how long has the company been around? Mr. Jensen said, since 1950; it's one of the largest family-owned pest control in the United States.

Ms. Roberts said, you don't have any administrative support, and this is your first contract. It's a relatively low amount, but you seem like you have a lot of support who can collect rosters. Just be cautious since you have a lot of moving parts. We really want you to be successful and come back again; it's a good company.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of the proposal for Clark Pest Control of Stockton, Inc. dba Clark Pest Control in the amount of \$261,000.

Motion carried, 8 – 0.

Macias, Gini, and O'Connell, LLP

Mr. Atkinson presented a Proposal for Macias, Gini, and O'Connell, LLP (MGO) in the amount of \$305,640. MGO is a full service firm that specializes in tax, assurance, advisory, outsourcing, staffing and business management services. MGO has ten locations throughout California.

Mr. Atkinson introduced Steven Thomas, Professional Development Manager, and Larry Mandell, Training Refund Group.

Mr. Rodriguez asked, can staff elaborate on their eligibility for out-of-state provision? Mr. Knox said, our attorney can address that.

Ms. Reilly said, this is one of those areas where these companies do deal almost entirely on the Internet as far as services. If this company has a presence in another state, customer base in another state, whether or not you hold personal meetings or not; I'd have to look at the eligibility determination, but if you did not have personal meetings with the customer base out of state and you're competing on the Internet, we've been accepting that.

Mr. Thomas said, the bulk of our business is in state. We are expanding to a couple of states outside California. However, we don't see that as being the bulk of our business, but most of our customers are California oriented; the company started here in Sacramento.

Ms. Reilly said, to get out of state competition you would've had to establish, and I'm saying this back at the time of eligibility determination, you would have had to establish that 25% of your revenue base is derived from customers out of state, or you compete regularly for your customer base in California with companies located out-of-state that are trying to get their business, which I assume you did.

Mr. Mandell said, I presented that information at the preliminary application level. There are accounting firms outside of California that are coming in. They can do the meetings over the Internet, and the level of expertise that can be provided out-of-state to a California company makes it a very competitive environment.

Mr. Rodriguez said, was that a checkbox, or was it done in the narrative form? Ms. Reilly said, it's not in the narrative form, but we can add it. It's the checkbox in the small business proposals as to the basis of out-of-state. It's verified at eligibility determination. And the reason companies want to get that out-of-state is because they don't have to have to be funded under special employment training, which has a very highest wage standard. Here, it wouldn't have made a difference because it's way above ETP minimum wage. They could have easily met the statewide hourly wage standard, but it's just kind of a determination made at the pre application level. Mr. Broad said, that is irrelevant at this level because the least paid employee make \$25 an hour.

Ms. Reilly said, it's something we could add in; it's not a big issue here, and it's absolutely vetted at the pre-application state; that's what they do. Mr. Rodriguez said, thank you for the clarification.

ACTION: Ms. Roberts moved and Ms. Newsom seconded approval of the proposal for Macias, Gini, and O'Connell, LLP in the amount of \$305,640.

Motion carried, 8 – 0.

Multiple Employer Proposals

Professionals In Human Resources Association

(Presented out-of-order)

Mr. Griffin presented a Proposal for Professionals In Human Resources Association (PIHRA) in the amount of \$949,090. PIHRA is a non-profit membership organization dedicated to providing business education, networking and advocacy with an emphasis on the human resources environment.

Mr. Griffin introduced Brian Allain, Executive Director.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the proposal for Professionals in Human Resources Association in the amount of \$949,090.

Motion carried, 8 – 0.

Brand Consulting Group, LLC dba Brand College

Mr. Griffin presented a Proposal for Brand Consulting Group, LLC dba Brand College (Brand College) in the amount of \$949,994. Brand College is a training agency that provides Information Technology (IT) courses designed to help IT professionals and businesses succeed in today's technology-driven environment.

Mr. Griffin introduced Debbie Ruiz, Director.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the proposal for Brand Consulting Group, LLC dba Brand College in the amount of \$949,994.

Motion carried, 8 – 0.

Bricklayers and Allied Craftworkers Local #4 California Joint Apprenticeship Committee

Mr. Griffin presented a Proposal for Bricklayers and Allied Craftworkers Local #4 California Joint Apprenticeship Committee in the amount of \$151,140.

Bricklayers and Allied Craftworkers Local #4 California Joint Apprenticeship Committee, located in the City of Arcadia, sponsors a training program for Southern California Brickmasons through its JAC (Brickmasons JAC).

Mr. Griffin introduced Robert Collins, Apprenticeship Director.
There were no questions from the Panel.

ACTION: Ms. Fernandez moved and Ms. Newsom seconded approval of the proposal for Bricklayers and Allied Craftworkers Local #4 California Joint Apprenticeship Committee in the amount of \$151,140

Motion carried, 8 – 0.

Employers Group Service Corp.

Mr. Griffin presented a Proposal for Employers Group Service Corp. (Employers Group) in the amount of \$602,090. Employers Group is a non-profit trade association specializing in Human Resources Management.

Mr. Griffin introduced Jeffrey Hull, Senior Director.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the proposal for Employers Group Service Corp. in the amount of \$602,090.

Motion carried, 8 – 0.

Kern County Electrical Joint Apprenticeship & Training Committee

Mr. Griffin presented a Proposal for Kern County Electrical Joint Apprenticeship & Training Committee (Kern Electrical JATC) in the amount of \$287,600. Kern Electrical JATC is a nonprofit training organization dedicated to providing up-to-date industry skills training and secure high-quality job opportunities for its members.

Mr. Griffin introduced Greg Rogers, Training Director.

Ms. Fernandez said, thank you for hiring veterans, and for making a difference for the workers in your area.

ACTION: Ms. Fernandez moved and Mr. Rodriguez seconded approval of the proposal for Kern County Electrical Joint Apprenticeship & Training Committee in the amount of \$287,600.

Motion carried, 8 – 0.

San Bernardino Community College District

Mr. Griffin presented a Proposal for San Bernardino Community College District (SBCCD) in the amount of \$949,917. SBCCD is one of 72 college districts in the state of California. SBCCD offers vocational, occupational and workforce training to local area residents and businesses.

Mr. Griffin introduced Robert Levesque, Director.

Ms. Fernandez said, I think you have a great track record.

There were no further questions or comments from the Panel.

ACTION: Ms. Fernandez moved and Ms. Roberts seconded approval of the proposal for San Bernardino Community College District in the amount of \$949,917.

Motion carried, 8 – 0.

Studio Arts, Ltd.

Mr. Griffin presented a Proposal for Studio Arts, Ltd. (Studio Arts) in the amount of \$899,712. Studio Arts is a private training company for high-tech, computer-based software and hardware for the motion picture, television, and post-production industries in Los Angeles.

Mr. Broad asked, has the number of people your training gone up because of the increase in the film production tax credit? Mr. Huelsman said, yes. I don't have the statistics in front of me, but there has been a tremendous amount of studios starting in the Los Angeles area; Amazon, Netflix, and Yahoo. Folks from Atlanta and Toronto are coming back to Southern California. We are happy to see them and hope that the trend will continue. The demand for immersive media training has increased; I think it's going to be gigantic.

Mr. Rodriguez said, congratulations on your performance. You have received five letters of support since November of 2016; that's impressive. Can you elaborate further on your Houdini advance technology training? Mr. Huelsman said, it's a sophisticated piece of software used for visual effects. It's also an animation tool used for character modeling. Quite often, effects are made through computer production. Disney, Dreamworks, and Netflix are doing actual effects during production time when shots are made around town, and they use Houdini to create those visual effects.

Ms. Roberts said, I just wanted to say thank you for doing all the marketing on this. You have all the 55 employees here that you sourced out to the training, and it takes a lot of effort, and you have a larger support cost.

ACTION: Mr. Rodriguez moved and Ms. Fernandez seconded approval of the proposal for Studio Arts, Ltd. in the amount of \$899,712.

Motion carried, 8 – 0.

Ventura County Electrical Joint Apprenticeship and Training Committee

Mr. Griffin presented a Proposal for Ventura County Electrical Joint Apprenticeship and Training Committee (Ventura JATC) in the amount of \$195,000. Ventura JATC is a joint effort of the International Brotherhood of Electrical Workers (IBEW) Local 952 and the National Electrical Contractors Association (NECA).

Mr. Griffin introduced Steve Earhart, Training Director.

Mr. Rodriguez asked, do you use the classroom training in Oxnard or Ventura? Mr. Earhart said, our training is located in Oxnard; we have our stand alone training center there. Mr. Rodriguez asked, is it brand new? Mr. Earhart said, it was built in 1999; it's state of the art and we've got all the bells and whistle.

ACTION: Mr. Rodriguez moved and Ms. Fernandez seconded approval of the proposal for Ventura County Electrical Joint Apprenticeship and Training Committee in the amount of \$195,000.

Motion carried, 8 – 0.

Riverside Community College District, Office of Economic Development

Withdrawn

Alameda County Electrical Industry Apprenticeship and Training Trust

Ms. Nastari presented a Proposal for Alameda County Electrical Industry Apprenticeship and Training Trust (Alameda Electrical Trust) in the amount of \$501,200. Alameda Electrical Trust is a joint labor-management organization between the Northern California Chapter, National Electrical Contractors Association and the Local 595 International Brotherhood of Electrical Workers. Founded in 1946, the Trust provides funds for training in electrical inside wiring for Apprentice, Pre-Apprentice and Journeyman.

Ms. Nastari introduced Byron Benton, Training Director, and Jan Borunda, California Labor Federation.

There were no questions from the Panel.

ACTION: Mr. Rodriguez moved and Ms. Newsom seconded approval of the proposal for Alameda County Electrical Industry Apprenticeship and Training Trust in the amount of \$501,200.

Motion carried, 8 – 0.

Bay Area Counties Roofing and Waterproofing Industry Apprenticeship Training Fund

Ms. Nastari presented a Proposal for Bay Area Counties Roofing and Waterproofing Industry Apprenticeship Training Fund (Bay Area Roofers) in the amount of \$448,875. Bay Area Roofers is a joint trust serving three apprenticeship programs.

Ms. Nastari introduced Daniel Smith, Director of Training and Steve Duscha, Consultant.

Mr. Rodriguez asked, has the government created a policy barrier for out-of-state contractors, especially from Texas and Oklahoma? Mr. Smith said, there are a bunch of factors, and the one that has helped us is AB566. We see a lot of area contractors scrambling around looking for qualified workers to work for prevailing wage, or above, and they're not finding them. Mr. Rodriguez said, OK; thank you.

ACTION: Mr. Rodriguez moved and Ms. Newsom seconded approval of the proposal for Bay Area Counties Roofing and Waterproofing Industry Apprenticeship Training Fund in the amount of \$448,875.

Motion carried, 8 – 0.

Urban Corp of San Diego County Charter School

(Presented out-of-order)

Mr. Griffin presented a Proposal for Urban Corp of San Diego County Charter School (Urban Corps) in the amount of \$284,950. Urban Corps offers participants an accelerated WASC-accredited high school diploma program, job training, and complete career and support services, including case management, career and psychological counseling, certified training programs, life skills, vocational coursework, and job placement services.

Mr. Griffin introduced Dan Thomas, Dean of Education.

Mr. Broad said, support costs are normally at 8%. Your support cost is at 12%; why is it higher? Mr. Smith said, we use most of that for recruiting and marketing. Mr. Broad said, we can increase it from 8% to 12% on a case by case basis, but we need a reason as to why you need the extra money compared to everybody else who comes before us.

Mr. Griffin asked, is your organization making any special effort to reach a specific population that you can share with the Panel? Mr. Smith said, we are a training program for high school dropouts; 18-20 years old. Since the removal of the California High School Exit Exam (CAHSEE), many people in the area need a high school diploma. With the uptake in the economy, young people are floundering around from one low wage job to the next. We are working on reaching that specific population through our marketing effort.

Mr. Broad asked, are you having trouble reaching them? Mr. Smith said, it's hard to get them into our program. Mr. Broad asked, why does the outreach cost more? Mr. Smith said, advertisements in different forms cost more, and we don't have a budget for that.

Ms. Roberts said, what was the support cost from your previous contract? Mr. Smith said, I think it was 12%; I don't recall. Ms. Roberts asked, do you know if Ms. Torres has that information? Mr. Griffin said, the previous contract was at 8%.

Mr. Broad asked, are you paying for advertising, as opposed to something that's free? Do you actually expend money on social media? Mr. Smith said, yes; we spend money on radio advertising, and we send out our staff to man booths and career fairs. Mr. Broad said, so that would explain the increased support cost, I suppose. Most of the Multiple Employer Contracts (MEC) don't pay for advertising.

Mr. Broad said, I just don't want to hand out the taxpayers' money greater than what we normally do, unless there's a demonstrable cost in excess of the normal 8%, and increasing that to 12% is a lot, so we need to know why. Mr. Smith said, I don't have the exact amount for radio advertising, but I could tell you that we work with our marketing department. Mr. Broad said, I would be happy to approve this up to 12%, but you have to provide an invoice showing our staff that you're spending money on extra-ordinary cost.

Mr. Rodriguez asked, are you a part of the San Diego Workforce Investment Board? Mr. Smith said, we collaborate with them, but we're not a part of their organization. Mr. Rodriguez asked, do you used them to supplement your outreach? Mr. Smith said, we

absolutely do that. Mr. Rodriguez asked, were are you located in San Diego? Mr. Smith said, we're in old town.

Ms. Newsom said, it states in the Panel packet that you have training delivered in three tracks: construction, landscaping, and green recycling. I can see the partners that you've specified for green recycling and landscaping, but what construction companies are you funneling the students to? Mr. Smith said, New Era Construction and Grondin Construction Company.

Ms. Newsom said, due to multiple barrier focus on ex-offender and at-risk youth, you requested for a wage modification to decrease the post-retention wage from \$13.94 to \$10.50 per hour. I struggle to support that notion; that would make them more vulnerable by paying them even less. Can you please address those concerns? Mr. Smith said, our placement staff is very thorough in vetting the companies that we're partnered with, and we look for upward mobility. With the minimum wage increase in San Diego, trying to place the students in a job, as they're struggling from homelessness to transitional house and stable housing, employment is a big step.

Mr. Broad said, if the students are successful, do they usually stay retained by these partners that you have? In other words, do they stay in those jobs and start a career? Mr. Smith said, at Alvarado Hospital where they do recycling, they move into other departments when they see a job opening and other avenues. They may not stay in the recycling component; the same thing with the hotels, like the Marriott.

Mr. Rodriguez said, provide details if your clientele has multiple barriers, not just economic barriers, but also include social and language barriers; justify the increase from 8% to 12%, which is significant. I think it's vital that you provide that information.

Ms. Newsom said, I would also do a method of research, and ask your population how did they hear about your program; is it through social media? Mr. Smith said, we do that during the intake.

Mr. Rodriguez said, you mentioned your marketing department, is it FTE? Mr. Smith said, our sister agency is the training arm of the operation. Mr. Rodriguez asked, do you incorporate with YouthBuild? Mr. Smith said, yes; we have a YouthBuild program.

Mr. Broad said, we do allow a higher 12% support cost, it's covered in your proposal, but the cost is a little bit unclear. If you're incurring a radio ad expense, which is unusual, that is a cause, and I can see that as more than the typical outreach. You are reaching out to a population that is hard to reach. I'm willing to vote for this, but I want our staff to make sure that it's justified, and it's more than just asserted.

ACTION: Ms. Roberts seconded approval of the proposal for Urban Corps of San Diego County Chartered School in the amount of \$284,950.

Motion carried, 8 – 0.

City and County of San Francisco

Ms. Nastari presented a Proposal for City and County of San Francisco (City of SF) in the amount of \$514,476. City of SF is a joint powers entity governed by the City Mayor and County Board of Supervisors.

Ms. Nastari introduced Holly Moala, CityBuild Analyst, and Steve Duscha, Consultant.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the proposal for City and County of San Francisco (City of SF) in the amount of \$514,476.

Motion carried, 8 – 0.

Fresno, Madera, Kings and Tulare Counties Electrical Industries Joint Apprenticeship and Training Committee

Mr. Atkinson presented a Proposal for Fresno, Madera, Kings and Tulare Counties Electrical Industries Joint Apprenticeship and Training Committee (Fresno Electrical JATC) in the amount of \$403,700. Fresno Electrical JATC provide up-to-date skills training and secures high-quality job opportunities for its members.

Mr. Atkinson introduced Edward Stanton, Training Director.

There were no questions from the Panel

ACTION: Ms. Fernandez moved and Ms. Roberts seconded approval of the proposal for Fresno, Madera, Kings and Tulare Counties Electrical Industries Joint Apprenticeship and Training Committee in the amount of \$403,700

Motion carried, 8 – 0.

Northern California Valley Sheet Metal Industry Joint Apprenticeship Training Committee

Mr. Atkinson presented a Proposal for Northern California Valley Sheet Metal Industry Joint Apprenticeship Training Committee (Norcal Sheet Metal JATC) in the amount of \$266,880. Norcal Sheet Metal JATC provides training for apprentices and journeymen in the sheet metal, HVAC, and testing and air balance industries under collective bargaining between representatives from Local 104.

Mr. Atkinson introduced Robert Verdugo, Administrator.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of the proposal for Northern California Valley Sheet Metal Industry Joint Apprenticeship Training Committee in the amount of \$266,880.

Motion carried, 8 – 0.

Amendment

Mr. Griffin presented an amendment for Procore Technologies Inc. (Procore) in the amount of \$504,050. Procore is a construction management software company. With an award-winning suite of project management tools, Procore has over a million registered users across the globe managing all types of construction projects including industrial plants, office buildings, apartment complexes, university facilities, and retail centers.

Mr. Griffin introduced Steve Zahan and Greg Gillis.

Mr. Rodriguez asked, have you outgrown your space? Mr. Zahan said, our biggest limitation, surprisingly, is not the space itself but parking. We run a shuttle from Santa Barbara to bring people down, and we rent a parking space on the north side of the freeway.

Mr. Broad said it's pretty unusual for us to get an amendment that increases the size of the contract by this much. Will the same employees be getting more training? Mr. Gillis said, initially, there were 17 trainees in Job Number 2, but we ended up with 166 employees. There are people who have already started the training, but have not concluded the training. We were conservative when we started, and our goal was to reach 70% of the training in three months. We wanted to make sure that we could execute and track all of the paperwork for the training, and we partnered with Glendale to make sure that we can get through the process. Once we felt comfortable with the program, we would move forward with the necessary amendment. With the \$400,000, we are a growing company and we are at a unique intersection. As Mr. Zahan said, we have smart people who come to us, but they don't have the construction and technical experience; they don't understand the SaaS development and implementation. It's really important to train the people because the dynamics and architectural changes are constantly changing. We have three new product lines, and we're going to have to train all those people.

Mr. Rodriguez asked, how many new hires are you anticipating for the next quarter? Mr. Zahan said, 225 for this year for our Carpinteria location. Currently we have 725 employees and the bulk of that is in Carpinteria, and last year we hired 350.

Mr. Broad said, in Job Number 2, the cost goes up from \$480 to \$4000 per trainee. Your original proposal was under \$100,000, and it came through Consent Calendar; now, it's roughly 400% bigger. It feels like it's changed in principle and character. We have a small project that came through, and now they are coming in for a bigger amount. You could've asked for \$400,000, but you're coming in for an amendment; we could've heard all that, so this creates a problematic precedent for us. I guess you could've had \$4000 per trainee, originally, and done the whole curriculum, and train fewer employees, as opposed to training a large number of employees with 10% of the curriculum. To me, it looks like your trainees got the first 10 pages of a 50-page course, and the question is, is the 10 pages worth

anything without the last 40 pages; then what did we approve in the first place? All of that is troubling to me, and I'm not sure what the resolution is. What we have here can be precedence where people think they can come in with a \$50,000 contract, show performance, then return for an amendment for \$750,000. It's circumventing the process, and the person who is looking at it from our staff has no idea where this is going. You may be perfectly transparent, but why not ask for \$400,000; we've never done this before. It seems to me that you guys are enthusiastic, and you don't seem like you're the kind of people that are hiding the ball. You delivered \$99,000, but this is a big jump.

Ms. Roberts said, logistically, you only have 12 months left. Why aren't you looking at a more conservative number? I don't see a training curriculum here. I never saw the original proposal in the Consent Calendar, and all I see is an amendment. Logistically, this doesn't make sense.

Mr. Gillis said, we were advised from the recommendation, and we wanted to make sure that we understood how to implement the process. At that time, it was just another trainer and an intern. Now, it has grown, and we have brought in two senior trainers, and that is based on what we did. Initially when we got into the program, we wanted to get our feet wet. We wanted to understand how to execute, so we looked at a smaller amount, and we were transparent. In fact, we want to invite all of you to come down to our site and see our training methodology.

Mr. Rodriguez asked, what was the advice from staff? When you come in for an amendment, staff is supposed to guide you. You originally came in for \$100,000, and now it's half a million; can you elaborate further?

Mr. Griffin said, with a proposal of this nature, we develop the project consistent with the initial request. I would assume your original application was for \$99,000, so that's what we developed. If there is a demand in excess of the existing training, they need to show that. Again, it's up to the contractor; if it's \$99,000, then we move forward with that.

Mr. Rodriguez asked, were they advised to submit an entirely new proposal? Mr. Griffin said, we talked about coming up with a new contract; absolutely. The same amount of work goes into a new project as the amendment, but they chose to move forward with an amendment for additional funding.

Mr. Broad said, the facts we have are limited, compared to what we would normally have in front of us. We know that 272 employees will be trained, and we know the cost and the number of hours they want to increase it to. Did you think that the curriculum justified that number of increase in hours; are they capable of performing that within the time remaining in the contract? Mr. Griffin said, we did. Based on the extensive curriculum, it's a lot of technology-based training, and considering the number of people they have in the company and the time remaining, we felt comfortable that they could meet that. Traditionally, we don't move forward and bring up amendments this much larger than the original contract, but as staff, we felt it was doable, based on our conversation. For instance, in Job Number 2, they're showing \$4000 as an average cost per trainee, but that was based on 17 employees. If that number were to increase exponentially, the cost per trainee will go down. That was our thinking initially, when we brought it forward.

Ms. Roberts said, even for the bulk of employee, 100 weighted hours, you're talking one year. When would they run the business? They're not shutting down for an entire month.

Mr. Zahan said, construction and technology are two words that don't go together, and so the thought was to create an environment with a positive culture to attract employees as we compete with Google, Facebook and Snap. Glassdoor named Procore as one of the top 10 software cultures in the US; Entrepreneur Magazine ranked us number two in their annual rating of company cultures. We have one of the most positive cultures in all of Southern California, and we are the employer of choice in Santa Barbara. We invest heavily in the mastery of our employees. If I only did 100 hours of training a year, I would wonder why they aren't more interested in what they're doing. We bring in employees who know nothing about construction. Our training curriculum in sales, orientation, management, interviewing, hiring and compensation, anti-harassment, technical skills and continuing education, for us, on annual basis, 100 hours is pretty low. We are adding 255 employees in 2017, and we are rapidly growing, and this is a story coming out of Santa Barbara, not Silicon Valley, which is impressive on a statewide basis. I'm very passionate, and we're a different type of company. This isn't just a person sitting in a classroom for training that's not being effective, and I'm excited that a program like this exist.

Mr. Broad said, I sort of came in here thinking that there's no way I'm doing this. I'm going along with this, and you sort of convinced me that you are a different kind of company. I'm still worried, if we approve this in its form, that this is setting a bad precedent. This cannot be the model for how this is done.

Mr. Griffin said, as management, we talked about that. We don't get this very often, but we are going to look at this internally in terms of how to move those forward as an organization, but this is a unique situation.

Mr. Broad said, if you really looked at the issues that we are raising, and you reached the conclusion that this is doable, I have enough faith in our staff. This is why we approve so many proposals here. I'm willing to vote for this, but it is not a precedent, and I really don't want us to be made fools for going along with this.

Mr. Griffin said, moving forward, we always talked about the terms on how to structure this. We want to be conservative and realistic. There was an extensive conversation around that as managers and with the contractors as well. One of the consideration for this was the high volume of training in that industry, and the wages that they pay in the time remaining on the agreement as well. We felt comfortable enough to bring it forward before the Panel; it's not what we normally do.

Ms. Roberts said, this was originally approved under Delegation Order, and we didn't even see any of the training curriculum; this isn't complete enough for me. I can say the same about our company, but I have to tell you, we have to run a business. I don't care if you've got people training in the classroom. It takes a lot of effort to get employees on the floor to get 100 hours of training; this doesn't make sense to me. I've been in training for 20 years, and I can tell you, I don't care how passionate you are, it's just not going to happen.

Mr. Gillis said, before a customer service representative can answer a call, from the date they are hired, they're already got 75 hours of training. A lot of it is frontloaded, because you need that to be able to have a conversation with a construction professional; you need that knowledge. I understand, from my training perspective, it seems audacious, but I would like to invite you to come, and look at our operation.

Mr. Rodriguez said, just to echo the Chairman's words, this is a public process; there will be a press release of the awardees after the hearing, and the optics of an amendment of this size is troublesome, and that's our concern. But we do have full faith and confidence in our staff in doing their due diligence. That's really the issue here; we're concerned about the optics as it reflects upon us for having incomplete information from our perspective. Now, I have done my homework on you, prior to this. You are a different company; you are an anchor in the Central Coast; you're trying to emulate the best practices, all the Google and Facebook in that area. I'm very aware of your ambitious business plan, and you have a different culture, and I commend you on that. I concur with the Chairman. We have to be very careful that this does not occur again; it's a reflection on the board.

Ms. Fernandez said, in the future, I would like for staff to provide us with a sample of the training that will take place, because that will help us make our decision. Mr. Griffin said, absolutely. Ms. Fernandez said, you stated that you have a copy of the training; is it possible for us to see it? Mr. Griffin said, we don't normally include that in the amendments, but we can do that in the future. Ms. Fernandez said, I think that's something that needs to be shown in order for us to make a careful, and precise decision. We have to see what we're sharing and investing these monies in, because we're very limited into who we share, and who we support, so I really think it's important to have that material before us. Mr. Griffin said absolutely; OK.

Mr. Broad said, let me try to make a motion. I can't see us going to four times the amount. I can see us doubling it; they can come back, or do a new proposal at whatever amount they want, and justify that based on what it is. I am going to suggest that, they gotten \$99,000, it can go up to \$250,000; that's more than doubling it. I've seen doubling these things, but that's about it. We'll give them a little bit more, and then ask them to come back, and do a new proposal. I think that's consistent with our past policies, frankly, with a company that's growing very rapidly. That's 500 employees, and it's training 270 employees; it's adding 200 employees; it's growing exponentially. There's a lot going on here, we want to encourage this company to do what they're doing, but we have to be a little bit careful about how our money gets spent. So that would be the motion; to amended it to allow them to go up to \$250,000 from the \$99,000 that they got now, and they can come back whenever they are ready, or when they have completed the training.

Ms. Roberts said, you can come back when you complete 70% of that training for another contract. It just doesn't look good, and if you actually knew that you'll need 75 hours for the first two weeks, then you should have built that into your first contract. Nothing has changed from when you came in August last year to now, you're still doing the 75 hours of training in two weeks, so you should have put down your numbers together, and said, "hey, we can go for \$650,000", based on that kind of numbers. I don't care what you tell me now, it just doesn't look good. I'll second the motion.

ACTION: Mr. Rodriguez moved and Ms. Roberts seconded approval of the proposal for Procure.

Motion carried, 8 – 0.

X. PUBLIC COMMENTS

Steve Duscha

Mr. Duscha said, Mr. Knox introduced some ideas for simplifying the program for reducing the huge number of different minimum wages that are in the current system. Ms. Reilly's proposal was much better than it sounded, because it affects the same issue. Health benefits are about getting a lower minimum wage, and anybody who sits through the Panel meetings understand that there are a lot of uncomfortable Panel members with the minimum wage structure. I certainly think that going down to the state minimum wage, which you see a lot of, with health benefits, is a bad idea.

This project that Mr. Knox and Ms. Reilly has embarked on is to put some sense back into the minimum wage, and tell everybody that they've got to be above that. You don't need a new computer system as complex as ETMS to keep track of all the stuff. You can hurt people by doing this, but you can have a better program; and you have a program that's clear and understandable. Thank you.

XI. MEETING ADJOURNMENT

Mr. Broad adjourned the meeting at 12:33 PM.