

**STATE OF CALIFORNIA**  
**EMPLOYMENT TRAINING PANEL MEETING**  
California Environmental Protection Agency  
1001 "I" Street  
Sacramento, CA 95814  
January 26, 2007

**PANEL MEMBERS**

Barry Broad  
Acting Chair

Tyrone Freeman  
Member

Bob Giroux  
Member

Scott Gordon  
Member

Edward Rendon  
Member

Janice Roberts  
Acting Vice-Chair

Johnathan St. John  
Member

**Executive Staff**

Ada Carrillo  
Acting Executive Director

Maureen Reilly  
General Counsel

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**I. PUBLIC PANEL MEETING CALL TO ORDER**

Barry Broad, Chairperson, called the public Panel meeting to order at 9:50 a.m.

**II. APPROVAL OF AGENDA**

ACTION: Mr. St. John moved and Mr. Rendon seconded the Panel approve the Agenda.

Motion carried, 5 – 0.

**III. APPROVAL OF MINUTES**

ACTION: Ms. Roberts moved and Mr. Gordon seconded approval of the Panel Minutes of December 15, 2006.

Motion carried, 5 – 0.

**IV. REPORT OF THE ACTING EXECUTIVE DIRECTOR**

Ada Carrillo, Acting Executive Director, referred the Panel Members to the Fund Status Report in the Panel Packet. She said there was \$43.2 million available for new projects in the fiscal year. After action on this month's agenda, \$13.1 million will be available for the remainder of the fiscal year. She said ETP incrementally encumbers monies to maximize the use of ETP funds. As such, \$13.1 million translates to approximately \$32 million in contract value available for the remainder of the fiscal year. She said it is expected that all funds will be depleted by May 2007.

She referred to the Memo entitled Budget Update and directed the Panel to the attachment for project funding for 2007/08. She said the Governor recently released his proposed fiscal year (FY) 07/08 Budget providing a \$56.3 appropriation from the Employment Training Fund (ETF) for ETP which represents about a 5 percent increase from current year (CY). The Budget also provides a \$35 million dollar appropriation from the ETF for the Department of Social Services, which is a \$15 million increase from CY.

She said the Governor's proposed appropriation to ETP should have reflected an additional \$2.4 million resulting from the Administration approval of General Fund monies to properly align the Employment Development Department's tax sharing ratio for the collection of various employment taxes. The \$2.4 million omission from the Budget is expected to be resolved as a legislative technical adjustment. If the requested legislative action is granted, the budget appropriation for ETP will be \$56.3 million, a 10 percent increase from CY.

Ms. Carrillo pointed out that the ETF, established solely for ETP, is healthy. After the proposed expenditures for FY 07-08, a balance of approximately \$18 million will remain in the ETF. She urged the Panel to take necessary steps to protect these monies from transfers to other programs for which the ETF was not intended.

She said that with the submittal of the Governor's budget to the legislature, the legislative process on the budget begins. She called the Panel's attention to the last two pages of the Memorandum, which identifies the legislative subcommittee members and pointed out that most of the members on our subcommittees are new. She stated that new subcommittee members must be educated on the benefits of the ETP program and asked the Chairman to consider establishing a Panel Legislative Subcommittee to assist in this effort. Chairman Broad, Ms. Roberts and Mr. Rendon volunteered to be members of the Legislative Subcommittee.

#### Request Motion to Delegate in Event of Loss of Quorum

Mr. Broad asked for a motion to delegate to the Acting Executive Director the authority to approve projects, in consultation with the Panel Chair or Vice Chair, if a quorum did not exist.

**ACTION:** Ms. Roberts moved and Mr. Rendon seconded the Panel delegate to the Acting Executive Director the authority to approve projects for which a quorum does not exist in consultation with the Panel Chair or Vice Chair.

Motion carried, 5 – 0.

Ms. Roberts requested a roll call of Panel Members. Roll call was taken; five Panel members were present and there was a quorum.

Roll call was not taken at the start of the meeting, but a quorum was present, with the arrival of Mr. Broad and Mr. Rendon at 9:50 a.m.

## **V. ROLL CALL**

### Members Present

Barry Broad  
Scott Gordon  
Janice Roberts

Edward Rendon  
Johnathan St. John

Members Absent

Tyrone Freeman  
Bob Giroux

Executive Staff Present

Ada Carrillo, Acting Executive Director  
Maureen Reilly, General Counsel

Request Motion to Adopt Consent Calendar Projects/Action

Ms. Carrillo asked for a motion to approve Consent Calendar items #1 through #15.

Avago Technologies Ltd. ....	\$149,760
Balboa Instruments, Inc. ....	\$83,160
Baxter Bioscience.....	\$138,030
Certified Printers, Inc. ....	\$11,440
Dorel Industries .....	\$49,140
Elgar Electronics Corporation.....	\$149,580
Emerald Bay Custom Built Houseboats, Inc. ....	\$20,280
Gnomon School of Visual Effects .....	\$199,625
Ingomar Packing Company, LLC.....	\$21,780
LogicVision, Inc. ....	\$42,224
MedPoint Management, Inc. ....	\$36,960
New Technology Training Institute .....	\$85,365
NHK Laboratories, Inc. ....	\$49,140
Oasis Air Conditioning, Inc. ....	\$43,680
Southeast Area Social Services Funding Authority .	\$108,510

ACTION: Mr. Rendon moved and Ms. Roberts seconded approval of Consent Calendar items #1 through #15.

Motion carried, 5 – 0.

**VI. REPORT OF THE GENERAL COUNSEL**

Maureen Reilly, General Counsel, had nothing to report.

**VII. REVIEW AND ACTION ON AGREEMENTS AND AMENDMENTS**

**Single Employer Contractors**

## **AMN Healthcare, Inc.**

Ms. Diana Torres, Manager of the ETP San Diego Office, presented an agreement for AMN Healthcare, Inc. (AMN), in the amount of \$467,880. She explained that AMN provides corporate support and placement services for physicians, nurses, and allied health professionals on temporary assignments at acute-care or other healthcare facilities located throughout the United States.

Ms. Torres introduced Ken Gowen, Vice President of Human Resources; Stacy Ridge, Senior Director of Organizational Development; and Brooke Perez, Tax Manager for Deloitte Tax LLP.

Ms. Roberts asked how many of the 557 employees receive \$12.89 per hour. Ms. Ridge said approximately six percent receive \$12.89 per hour. Ms. Roberts asked who would provide the training. Ms. Ridge said training would be conducted internally by trainers inside the organization.

Mr. Broad asked about the high turnover rate for corporate staff. Ms. Ridge said that in 2003 the turnover rate was pretty high at 42 percent. It has decreased to 35 percent in 2004 due to concentrated efforts in on-boarding programs, management development, different sales incentive programs and training programs. It dropped to 30 percent in 2005, and in the past year, to 28 percent. She said there were some economic factors in areas where the industry experienced a contraction. Mr. Broad asked if employees were laid off. Ms. Ridge disagreed. Mr. Broad further inquired about the contraction. Ms. Ridge said there was a contraction of the industry, causing a reduction in revenues. Mr. Broad asked if individuals were cycling through the jobs as opposed to lay-offs. Ms. Ridge answered in the affirmative and said that they managed their SGNA through attrition.

Mr. Broad asked if AMN has agreed to accept the 25 percent turnover rate. Ms. Ridge answered in the affirmative and said that given AMN's history since 2003, that 25 percent is not unrealistic.

**ACTION:** Mr. St. John moved and Ms. Roberts seconded approval of the Agreement for AMN in the amount of \$467,880.

Motion carried, 5 – 0.

## **National RV, Inc.**

Ms. Torres presented a One-Step Agreement for National RV, Inc. (NRV), in the amount of \$749,412. She said that NRV is a manufacturer of gas and diesel recreational vehicles and maintains service and parts centers in California and Florida.

Ms. Torres introduced Jeffrey Goodrick, Director of Human Resources and David Alloway, President Founder of Horizon Training & Development.

There were no questions from Panel members.

**ACTION:** Mr. Rendon moved and Ms. Roberts seconded approval of the One-Step Agreement for NRV in the amount of \$749,412

Motion carried, 5 – 0.

### **Pan-Pacific Plumbing Co., Inc.**

Ms. Torres presented a One-Step Agreement for Pan-Pacific Plumbing Co., Inc. (Pan-Pacific), in the amount of \$145,152. She explained Pan-Pacific specializes in new construction projects including hospitals, schools/universities, entertainment complexes, and other types of commercial industries.

Mr. Torres introduced Cindy McMackin, Owner and Rebecca Campbell, HR Manager.

Ms. Roberts asked about Pan-Pacific's commitment to training and said the company expended approximately ten thousand dollars on government mandated training and orientation. She asked if this was for the 250 employees and said it amounted to only approximately \$40.00 per person for training for the year.

Ms. Campbell said the union employees who are plumbers receive most of their training through the union at very little or no cost to Pan-Pacific. She said the ten thousand dollars she referred to went directly to sexual harassment training for the individuals in the office. She explained they are not required to administer as much training for all 250 employees.

Ms. Roberts said \$145,152 may be a struggle if the majority of training is done through the union. Ms McMackin said the training through the union requires learning to install pipe and med gas and is required for the industry. She said they will implement project management or computer training for these individuals. Ms. Campbell said they will not train anyone below the journeyman level plumber, which is why they may not require a high cost of funding.

Mr. Gordon asked about the training received from the local union. He asked if Pan-Pacific is "lock and step" with the administrators and if they give them the field troops and the training they need. Ms. Campbell said they primarily train in safety med-gas certification and scissor lift usage. Mr. Gordon asked if it is difficult for the trainees to be taken "offline" for training. Ms. Campbell said they will not be training most of the field employees. She explained they will be training foremen and agreed it is hard to pull them offline, but said it is well worth it.

Mr. Broad asked if the high turnover rate was due to fluctuations in the construction industry. Ms. McMackin answered in the affirmative and said Pan-Pacific is proud of their turnover rate of their core and key employees. They have only a 10 percent turnover rate. Mr. Broad asked if individuals were coming in when there is a big job and then leaving. Ms. McMackin said they get their labor from the union so they do not interview or screen

directly. Ms. Broad said what he thinks should be done in the industries that have this kind of structural unemployment is figure out a way to talk about core turnover rate versus seasonal turnover rate.

Mr. St. John asked about journeymen training and how many of the core employees were in the journeymen levels that turnover. Ms. Campbell said five percent were journeymen level employees. She said that foremen and above are the core employees, but there are a couple of journeymen that they know are going to be foremen. Mr. St. John asked when leadership training is performed will it be focused on the five mentioned. Ms. Campbell said the leadership training is primarily focused on the foremen, office staff and project managers. Mr. St. John asked if there was a potential for numerous employee retirements. Ms. Campbell said they are working hard to recruit young qualified workers that will move up the ranks.

Mr. Gordon commented that it was an excellent proposal and motioned for approval.

**ACTION:** Mr. Gordon moved and Mr. St. John seconded approval of the One-Step Agreement for Altera in the amount of \$145,152.

Motion carried, 5 – 0.

### **Sage Software, Inc.**

Ms. Torres presented an Agreement for Sage Software, Inc. (Sage), in the amount of \$299,520. She said that Sage produces accounting and enterprise software for small and mid-sized businesses.

Ms. Torres introduced Beccie Dawson, Vice President of Human Resources.

There were no questions from Panel members.

**ACTION:** Ms. Roberts moved and Mr. Gordon seconded approval of the One-Step Agreement for Sage in the amount of \$299,520.

Motion carried, 5 – 0.

### **The Raymond Group**

Ms. Torres presented a One-Step Agreement for The Raymond Group in the amount of \$208,800. She said that The Raymond Group is a drywall and lathe contractor whose products include panelized exterior skin systems, fireproofing, framing, sheathing, drywall and plaster for building exteriors and interior core areas.

Ms. Torres introduced Travis Winsor, C.E.O.; Scott Johnson, Administration Manager; and Latonia Coleman, Training Manager.

Ms. Roberts said it was a very good proposal with high wages. She was concerned since it was The Raymond Group's first application and they have several different locales to train, that they dedicate someone to administer the training. Mr. Winsor said The Raymond Group has implemented a training initiative and hired Latonia Coleman as the Training Manager.

Mr. Gordon said The Raymond Group is one of the leaders in the industry in the interior system industry and it is one of ETP's goals to get the construction industry involved. He said he is glad they are here and it is an excellent proposal.

**ACTION:** Mr. Gordon moved and Ms. Roberts seconded approval of the One-Step Agreement for The Raymond Group in the amount of \$208,800.

Motion carried, 5 – 0.

### **Ventura Foods, LLC**

Ms. Torres presented a One-Step Agreement for Ventura Foods, LLC (Ventura Foods), in the amount of \$695,232. She explained that Ventura Foods makes shortenings, margarine, mayonnaise, salad dressings, sauces, and retail oils. The company also makes soup and flavor bases and concession items such as popcorn and popping oil.

Ms. Torres said that Ventura Foods plans to relocate the existing manufacturing plants and warehouses in Los Angeles (approximately 100 employees) and the City of Industry (approximately 300 employees) to a new single site manufacturing/distribution facility in Ontario. She said the new facility will become operational in August 2007 and will optimize efficiencies and reduce expenses. Approximately 375 jobs will be transferred to Ontario comprising the majority of trainees in this proposal.

Ms. Torres said Ventura Foods will commence training at the Los Angeles and City of Industry facilities and continue through its transition to the new Ontario facility. Ventura Foods understands that it will only be reimbursed for trainees who continue to be covered by the same collective bargaining agreement.

Ms. Torres introduced Jack Rose, Controller.

There were no questions from Panel members.

**ACTION:** Mr. St. John moved and Ms. Roberts seconded approval of the One-Step Agreement for Ventura Foods in the amount of \$695,232.

Motion carried, 5 – 0.

### **Williams Furnace Company**

Ms. Torres announced that company representatives were not present at the meeting. She asked Mr. Broad if she should proceed with the presentation of the project. Mr. Broad answered in the affirmative.

Ms. Torres presented a One-Step Agreement for Williams Furnace Company (Williams Furnace), in the amount of \$411,516. She said Williams Furnace manufactures gas-fired wall furnaces and custom fan coil systems that use hydronics (the use of hot and cold water to heat or cool).

Mr. Broad asked if Ms. Torres had recently communicated with Williams Furnace. Ms. Torres answered in the affirmative and said she had a teleconference meeting with them on Monday and they were supposed to be present.

**ACTION:** Mr. Rendon moved and Ms. Roberts seconded approval of the One-Step Agreement for Williams Furnace in the amount of \$411,516.

Motion carried, 5 – 0.

### **The Boeing Company**

Ms. Kendrick, Manager of the North Hollywood Office, presented a One-Step Agreement for The Boeing Company (Boeing), in the amount of \$756,000. The Boeing Company, she said, is a manufacturer of commercial jetliners and military aircraft, with capabilities in rotorcraft, electronic and defense systems, missiles, satellites, launch vehicles, and advanced information and communication systems.

Ms. Kendrick introduced Mukesh Luhar, Senior Manager of Projects.

Mr. Rendon pointed out there was no union support for this project listed in the Memorandum. Ms. Kendrick said there was union support for this project and this was a typographical error.

Ms. Roberts asked about past performance and the lack of a substantial contribution. She was concerned about the amount of 24 percent earned from the prior project. She asked what Boeing is doing to get the training completed. Mr. Luhar said one of the main reasons for poor performance was the requirement of the social security number that everyone has to put on forms. They have changed this process to obtain social security numbers directly from human resources and then to the state. They are such a large corporation and very spread out, that tracking a paper roster became impossible. They now have online registration. Ms. Roberts asked if all training was computer-based. Mr. Luhar disagreed and explained he was referring to online registration. Ms. Carrillo clarified that the tracking of training will be done electronically versus a hard copy. They found in the past that training was taking place, but individuals were not signing the roster or used to signing online. The training occurred but they did not have the roster in place. This has been improved and is now tracked online.

Mr. Broad proposed reducing the contract amount by half. He said that once the first half of the training is close to completion, Mr. Luhar should return and request an amendment to the project. At that time, performance would be evaluated. He said it protects the ETP budget by not encumbering so much money and the company can work through problems

that arise. He explained that it is not a re-application, but would be an amendment to the current proposal. Mr. Broad asked if Panel members were amenable to his suggestion to cut the project in half. He asked Mr. Luhar if he would agree to the reduction. Mr. Luhar agreed to the 50 percent reduction.

**ACTION:** Ms. Roberts moved and Mr. St. John seconded approval of the One-Step Agreement for Boeing with the understanding that the total contract amount originally requested, be reduced by half, to the amount of \$378,000.

Motion carried, 5 – 0.

### **Irwin Industries, Inc.**

Ms. Kendrick presented a One-Step Agreement for Irwin Industries, Inc. (Irwin), in the amount of \$742,446. She said Irwin is a construction and maintenance company that contracts with refineries and power plants in the areas of oil and gas, petrochemical, pipeline and products distribution, mining and pharmaceuticals.

Ms. Kendrick pointed out an error on the bottom of page 4 under the recommendation. She said that the recommendation states that all employees are in High Unemployment Areas (HUAs); this is not the case.

Ms. Kendrick introduced Steve Stelpflug, Manager of Education and Development.

Ms. Roberts asked if the contract includes all locations in California. Mr. Stelpflug said that HUA was primarily for the headquarter locations. There are a number of locations that fall under the HUA and a facility in Ventura. Ms. Roberts asked if this training includes all statewide locations or only one location. Mr. Stelpflug explained that the project was primarily for two locations with some HUA identified locations. He said they have long-term contracts within some of the refineries in the LA basin where they have been identified as a HUA to be eligible for training.

Mr. Gordon asked about the instructor staff and what type of continued education is received in a year. Mr. Stelpflug said they have two full-time trainers and a number of subject matter experts who are field superintendents to provide training in specialized areas. He said the two full-time trainers receive ongoing training in safety and some management skills.

Mr. Rendon asked if this union was part of another union or if it stood alone. Mr. Stelpflug said it is one of many locals, the IUPIW Local.

**ACTION:** Mr. Gordon moved and Mr. Rendon seconded approval of the One-Step Agreement for Irwin in the amount of \$742,446.

Motion carried, 5 – 0.

## **Omni Los Angeles Hotel at California Plaza**

Ms. Kendrick presented a One-Step Agreement for Omni Los Angeles Hotel at California Plaza (Omni), in the amount of \$196,800. She explained that Omni provides luxury accommodations and convention/conference resources to corporate business and upscale leisure travelers.

Ms. Kendrick introduced Bill Seward, Director of Rooms and Carrie Combs, Director of HR.

There were no questions from Panel members.

**ACTION:** Ms. Roberts moved and Mr. St. John seconded approval of the One-Step Agreement for Omni in the amount of \$196,800.

Motion carried, 5 – 0.

## **Diebold, Inc.**

Mr. Chan, Manager of the Foster City Office, presented a One-Step Agreement for Diebold, Inc. (Diebold), in the amount of \$331,200. He said that Diebold develops, manufactures, sells, installs, and services automated self-service transaction systems, electronic and physical security products, election systems, software, and various products used to equip bank facilities and electronic voting terminals.

Ms. Kendrick introduced Marsha Friedman, Manager of Organizational Development and Laura Johnstun, Training Coordinator.

Mr. Broad asked if this training involved the election equipment. Ms. Friedman said it did not involve election equipment.

**ACTION:** Ms. Roberts moved and Mr. Rendon seconded approval of the One-Step Agreement for Diebold, Inc. in the amount of \$331,200.

Motion carried, 5 – 0.

## **Monterey Mushrooms, Inc.**

Mr. Chan presented a One-Step Agreement for Monterey Mushrooms, Inc. (MMI), in the amount of \$1,038,600. He said MMI produces fresh mushrooms. He said the Morgan Hill facility is in a HUA. They are therefore asking for a waiver of the minimum ETP wage of \$13.51 per hour down to \$10.13 including benefits. He explained that trainees will receive post retention wage increases based upon the collective bargaining agreement. He noted the low turnover rate of 7.3 percent and said this is excellent for this type of industry.

Mr. Chan introduced Ed Stoll, Human Resources Manager; Joaquin Garza, Director of Industrial Services from FIELD; and Drew Goodwin, representing inKNOWvate Consulting.

Ms. Roberts asked about prior contracts and the substantial contribution. She asked if the prior contract included the Royal Oaks facility. Ms. Roberts said they now have 1400 employees, but in this contract there are 1,154 to be trained. She asked if some of the employees included in this contract include the Royal Oaks facility. Mr. Stoll answered in the affirmative and said the training was to be continued at the Royal Oaks facility. She said there are now three contracts under Royal Oaks. Even though we haven't seen the fruition of this last contract, you did say you were going to get 95 to 100 percent of it. Because this third contract seeks more than \$250,000, for a total of one million, there should be some sort of substantial contribution. MMI will not receive any monies until after April 2007.

Mr. Chan said his understanding was that another facility was included in the first contract along with the Royal Oaks facility. Mr. Stoll said the first contract covered the Royal Oaks facility only. Ms. Carrillo said the regulation sets out that we have to base the calculation of substantial contributions on completed contracts. She said the second contract has not completed. We need to review the fiscal close out once the contract completes in order to be equitable and treat MMI like other contracts. Based on ETP's regulations we have determined that they are not subject to the substantial contribution at this time.

Mr. Broad asked if they will eventually be subject to the substantial contribution. Ms. Carrillo said the next time around, they would be subject to the substantial contribution and suggested that the regulation be reviewed in the near future.

Ms. Roberts asked about the number of employees enrolled in the prior contract, 728, and if they are included in the current contract. Mr. Stoll answered in the affirmative. Ms. Roberts asked how the proposed training differs from the previous contract. Mr. Stoll said the collaborative workplace training is very extensive. They are expanding into completing and developing projects in which the employees are involved in decision making and for ways to reduce costs.

Ms. Roberts asked if Morgan Hill is considered to be in a HUA (high unemployment area). Ms. Carrillo answered in the affirmative and said HUAs are based on EDDs UI statistics. Ms. Roberts asked if all employees are full-time employees. Mr. Stoll answered in the affirmative and said they were different from much of production agriculture because they operate 365 days of the year. He said they draw many of their employees from the same labor force that seasonal agriculture does, but they are not seasonal in any way.

**ACTION:** Mr. Rendon moved and Mr. St. John seconded approval of the One-Step Agreement for MMI in the amount of \$1,038,600.

Motion carried, 5 – 0.

### **Seagate Technology LLC**

Mr. Chan presented a One-Step Agreement for Seagate Technology LLC (Seagate), in the amount of \$1,512,000. He said Seagate is a global leader in the design, manufacture and

marketing of hard computer disc drives, providing products for a wide-range of applications, including enterprise, desktop, mobile computing, and consumer electronics.

Mr. Chan introduced Jason Dunton, Manager of Global Leadership and Learning.

Ms. Roberts asked where the training would take place. Mr. Dunton said training would take place in Scotts Valley, Fremont, Milpitas and Sunnyvale. Ms. Roberts asked if it was statewide training. Mr. Dunton answered in the affirmative.

Mr. St. John asked about the PRT (perpendicular recording technology) method. Mr. Dunton said PRT allows a new way of recording data to the disk media, standing data bits vertically rather than horizontally to the disk surface as with traditional longitudinal recording. He explained that it allows data to be written in a much more compact manner.

**ACTION:** Ms. Roberts moved and Mr. St. John seconded approval of the One-Step Agreement for Seagate in the amount of \$1,512,000.

Motion carried, 5 – 0.

### **Paramount Citrus Association**

Paramount Citrus Association was withdrawn from this month's meeting.

### **Special Employment Training Projects**

#### **Fresenius Medical Care North America**

Ms. Kendrick presented a One-Step Agreement for Fresenius Medical Care North America (Fresenius), in the amount of \$542,715. She explained that Fresenius manufactures and distributes kidney dialysis equipment and products, and operates clinics providing kidney dialysis treatment.

Ms. Kendrick introduced James Freedman, Senior Director of Leadership Development; Athena Palearas, Director of Clinical Leadership and Mentoring Center for Leadership and Professional Development; and Annette Fago, representing Ernst & Young LLP Tax Services.

Mr. Gordon asked how new hires are brought up to speed with training requirements. Mr. Freedman said they are required to train all of their staff in dialysis, as dialysis technology and technique are not taught in medical or nursing school. They are required to train all employees on all aspects and bring them up to speed. He said it is a highly regulated industry since it is healthcare, so they provide up to 10 to 12 weeks of initial training before they start working. Mr. Gordon asked how the training is provided. He said clinical educators regularly provide both the initial training and the ongoing retraining because each employee is required to annually retrain on the latest techniques. Ms. Palearas added that training is conducted in centralized classrooms in the regions. Mr. Gordon asked what type

of continued education the trainers receive. Ms. Palearas said the majority are registered nurses that provide the clinical education. Registered nurses are required to re-certify the trainers every year on adult teaching type strategies to obtain an FMS certification. In addition, all trainers must be certified by certified nephrology nurses, particular to their field. Mr. Gordon asked if all the curriculum and competencies are laid out in a scheduled outline. Ms. Palearas answered in the affirmative.

**ACTION:** Mr. Gordon moved and Ms Roberts seconded approval of the One-Step Agreement for Fresenius in the amount of \$542,715.

Motion carried, 5 – 0.

### **Multiple Employer Contractor**

#### **Fashion Business, Inc.**

Ms. Kendrick presented a One-Step Agreement for Fashion Business, Inc. (FBI), in the amount of \$198,804. She said FBI provides the apparel and textile industries with the resources and training to support its growth and profitability.

Ms. Kendrick introduced Frances Harder, President.

Mr. Rendon asked what percentage of the total employees earn \$12.89 per hour. Ms. Harder estimated 50 to 60 percent earn \$12.89. Mr. Rendon asked how long it takes for employees to progress from earning the minimum of \$12.89 per hour to the maximum of \$22.00 per hour. Ms. Harder said it varied from person to person and involved a significant amount of training and time.

Mr. Broad was concerned about the apparel industry, an industry known for underground activity in the production area. He asked how the Panel could ascertain whether employees are paid above the table and not under the table. Ms. Carrillo said that for each employer participating in this contract; ETP will determine employer eligibility before enrolling trainees. She said that after employees completed training, wages will be verified in the EDD base wage data. If an audit is conducted, payroll records would need to verify that. Ms. Harder added that any of the companies that FBI assists must comply with state rules and regulations. Employers must obtain a manufacturers license, take a test, and not have any relations with underground manufacturers.

Mr. Gordon asked how many instructors FBI has. Ms. Harder said the majority of instructors are from the industry and have hands on experience. She ensures that they have the experience and the ability to teach current techniques. Mr. Gordon asked if instructors were part of a continued education program. Ms. Harder said instructors are not full-time, but are consultants. FBI is a small non-profit company that has 2 full-time and 3 part-time people. She said FBI ensures that all instructors teach a varied cross section of topics.

**ACTION:** Mr. St. John moved and Ms. Roberts seconded approval of the One-Step Agreement for FBI in the amount of \$198,804.

Motion carried, 5 – 0.

### **Sturdi-Quick Prefabricated Structures**

Ms. Kendrick presented an Amendment for Sturdi-Quick Prefabricated Structures (Sturdi-Quick), in the amount of \$271,300. She said Sturdi-Quick is a general steel construction company that heads an employer consortium to train and place workers in the steel framing construction industry. Sturdi-Quick is requesting an amendment in order to train additional trainees and CalWORKS recipients.

Ms. Kendrick introduced Mary Flowers, Executive Director.

Mr. Gordon had some prior questions answered by Ada Carrillo, Acting Executive Director. He says there is good dialog and that he would try to help. The term apprenticeship prep programs are preferred over pre-apprenticeship programs. He said there are many employees that need this training. He offered his help to Ms. Flowers. Ms. Flowers said the employees that went on to the formal union apprenticeship programs are the higher wage earners on their scale. She said they are looking forwarding to continuing to be a feeder program into those programs. Mr. Gordon commended Ms. Flowers for her efforts. Mr. Broad agreed that Ms. Flower's efforts should be commended and said she was doing a great job.

**ACTION:** Mr. St. John moved and Ms. Roberts seconded approval of the One-Step Agreement for Sturdi-Quick in the amount of \$271,300.

Motion carried, 5 – 0.

### **Bay Area Video Coalition**

Mr. Chan presented a One-Step Agreement for Bay Area Video Coalition (BAVC), in the amount of \$1,603,887. He explained that BAVC provides high-end technology skills in video, web, and multimedia production.

Mr. Chan introduced Wendy Levy, Director of Media Arts & Education.

Mr. Rendon recognized BAVC for the progress of the current ETP contract and said that the college curriculum was impressive.

**ACTION:** Ms. Roberts moved and Mr. Rendon seconded approval of the One-Step Agreement for BAVC in the amount of \$1,603,887.

Motion carried, 5 – 0.

## **Hitchcock and Holcombe, Inc., dba Continental Training Center**

Ms. Cohen presented a One-Step Agreement for Hitchcock and Holcombe, Inc., dba Continental Training Center (Hitchcock and Holcombe), in the amount of \$645,430. She said Hitchcock and Holcombe is an accredited private training agency which has been providing computer training for corporations, county and state agencies, and non-profit organizations for over seven years.

Ms. Cohen introduced Darin Holcombe, CFO and Steve Hitchcock, CEO.

Ms. Roberts asked if the high technology occupations would receive \$14.00 per hour. Mr. Holcombe said the advanced technology occupation typically earns \$18.00 to \$20.00 per hour.

**ACTION:** Ms. Roberts moved and Mr. Rendon seconded approval of the Amendment for Hitchcock and Holcombe in the amount of \$645,430.

Motion carried, 5 – 0.

## **VIII. DISCUSSION/ACTION ITEM**

### **Emerging Employment Trend (Temporary Agencies and Professional Employer Organizations)**

Mike Rice, Manager of Planning and Research, introduced the Professional Employer Organizations (PEO) members by summarizing staff's memorandum to the Panel, including: (1) Tim Tucker, Director of Governmental Affairs for the National Association of Professional Employer Organizations (NAPEO) based in Alexandria, Virginia; (2) Kent Allsweet, CEO of Staff Resources Inc., a PEO which provides services to clients throughout California; and (3) Jay Pimentel, the Associate General Counsel of TriNet, a PEO that provides HR services for small and medium sized businesses and is focused on high-salary technically skilled work forces in technology, professional and financial services.

Tim Tucker said PEOs provide HR services including pre-employment screening, handbooks, payroll, tax withholding, employee benefits and welfare plans. Those functions are hired out through the co-employment model to PEOs. Client companies have been unable to participate because of the classification of PEOs as temporary help companies.

Mr. Pimentel said there is no required contract language. He said PEOs are not a temporary staffing agency like Kelley Services. It is not a sale and lease back, where a company would have some employees and they would come to a company and say we'll fire all our employees and they you hire them, and then you rent them back to us.

Mr. Pimentel said the PEO contracts allocate between the PEO and client who is responsible for which employer duties. He said their contract designates who has primary

responsibility between the two employers, but still they answer those responsibilities and liabilities jointly.

TriNet aggregates all the payroll of all of the different companies and submits them under their federal employer identification number. He said the worksite employer also provides vacation, sick plans, retirement plans, 401 K plans, stock options, stock ownership, and have general liability and premises insurance because it is their worksite. The workers are both temporary and permanent. When the PEO contract changes, the TriNet removes itself from the relationship. But the employees remain working for the employer who had them before they ever came to TriNet. There is no industry segmentation and the co-employment model works very well regardless of the type of business. Mr. Pimentel said TriNet charges per employee per month fees.

PEOs that work in industries with union contracts work well. The PEO is responsible for administering the contract subject to the union contract. Standard contract language requires the PEO to enforce the collective bargaining agreement. PEOs abide by the NRLA. The workman's compensation appeals board established a rule where the carrier opts to do a group or individual policies.

Mr. Broad said from ETP's perspective, we want client companies to apply, not the PEO. They will be the ones responsible for training. An employer should not be denied eligibility to the ETP program because they have a relationship with a PEO. Employers would need to come forward for the funding personally and not the PEOs. Mr. Broad said there was a potential continuum and he wants to proceed carefully so that it is not a situation where the base employer starts to no longer be responsible for its own training.

Mr. Pimentel said the company would receive 100 percent of the funding and that there would be no sharing of funds among the two companies. They would have to apply for funds separately. Ms. Roberts asked if TriNet would be included in the training grant. Mr. Pimentel said answered in the affirmative.

TriNet becomes the HR department and that they accept all employees. The general PEO model is to take all of the employees and not bifurcate the workforce. Ms. Reilly asked if a roster or menu of services is offered. Mr. Tucker said there is a complete suite of services as a package of PEO services as opposed to an individual style arrangement – a core offering. But many of the programs are at no cost to the employer, such as a 401 K program. Mr. Pimentel explained that TriNet's arrangement with their carriers is that they have to offer towards clients at least 80 percent of the basic plan for health insurance. Some companies choose to cover 100 percent and to also cover dependents. TriNet sets a minimum threshold and will not do business with a company that does not cover at least a substantial portion of the cost.

Mr. St. John asked if PEOs offer soft skills or technical training today, and if there is anything inappropriate about a PEO offering training and receiving ETP funds. Mr. Broad said they could apply as an independent training agency, but the employer would still need

to be present and there would need to be a fee for service. Mr. Broad suggested the need to set conditions for funding.

Mr. Broad said he was prepared to work with PEO funding. Ms. Carrillo said ETP staff will strive to bring back recommendations to the Panel at the March 2007 meeting.

## **IX. PUBLIC COMMENT**

Carlos Lopez, representing CET (Center for Employment Training), addressed the Panel on the need for training farm workers recently affected by the freeze. He explained that CET recently submitted a concept paper to the Panel to train about 100 farm workers affected by the freeze in occupational training. He explained the reason he is approaching the Panel is that the most significant challenge in training farm workers is the issue of extended hours of training which include job related skills training, literacy, and ESL training. He said CET has 20 years of experience in training farm workers. He gave the statistic that from 2003 – 2005, they trained 2,279 migrant and seasonal farm workers overall, in their 14 training centers over a 22 month period. He said that 75 percent of the farm workers were limited English, 74 percent were high school dropouts and that 82 percent were below an 8<sup>th</sup> grade reading and math level. He said it is an extremely difficult group to train. He asked about extended hours and said the Panel's policies limit remediation or literacy training for new-hire programs, but said new legislation allows for extended job related and literacy skills training.

Ms. Carrillo said there were recent guidelines issued implementing SB 1690 that allows for a waiver to the cap on literacy skills training. She said it allows a one-to-one ratio, if there is one hour of vocational skills training, there can be one hour of literacy skills training. Ms. Carrillo said she had not seen the CET proposal and would like an opportunity to review it before it is brought before the Panel. Mr. Broad agreed it should be reviewed by staff and said Mr. Lopez may be confusing a couple of concepts. He said the farm worker training is for people that would be staying as farm workers. He said it is difficult when talking about a temporary freeze because farm workers will receive extended UI benefits to help them through the financial burden of being laid off. He said that training the farm workers in a completely different field is something completely different. Mr. Lopez agreed that CET wishes to train them in different fields. Mr. Broad said that it would then not be under agricultural training, but training to enter another field. He said there will be a demand for the individuals to come back into the citrus industry. He said the growers struggle through a freeze because they lose their farm worker workforce. He said growers will not want the farm workers to leave agriculture; they will want to retain them. He said that the two concepts must be separated. Mr. Lopez said his main concern is that the hours for literacy and ESL training are significant and current policies limit the hours of training. Mr. Broad asked that Mr. Lopez discuss his concerns with ETP staff.

## **X. ADJOURNMENT**

**ACTION:** Ms. Roberts moved and Mr. Rendon seconded to adjourn the meeting at 12:48 p.m.

Motion carried, 5 – 0.