



**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL**
California Environmental Protection Agency
1001 I Street
Sierra Hearing Room, 2nd Floor
Sacramento, CA 95814
July 22, 2016

PANEL MEMBERS

Barry Broad
Chair

Janice Roberts
Vice-Chair

Gloria Bell
Member

Sonia Fernandez
Member

Leslie McBride
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 9:36 a.m.

II. ROLL CALL

Present

Gloria Bell

Barry Broad

Will Koch (on behalf of Leslie McBride)

Edward Rendon

Janice Roberts

Sam Rodriguez (arrived after initial roll call at 9:47 a.m.)

Absent

Sonia Fernandez

Gretchen Newsom

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. Roberts moved and Ms. Bell seconded the motion that the Panel approve the Agenda.

Motion carried, 5 - 0.

IV. MINUTES

ACTION: Ms. Bell moved and Ms. Roberts seconded the motion that the Panel approve the Minutes from the June 24, 2016 meeting.

Motion carried, 5 - 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 June, we have a smaller Panel meeting today with approximately \$6.4M in projects with another \$844,000 in Delegation Orders, for a total of just under \$7.2M.

Today we have a mix of Single Employers and Multiple Employer Projects. Diana Torres, San Diego Regional Office Manager, Creighton Chan, Foster City Regional Office Manager, and Willie Atkinson, Sacramento Regional Office Manager, are here today to present the Proposals.

Regarding the Alternative Fuels and Vehicle Technology Program, we signed another \$2M Interagency Agreement in partnership with the California Energy Commission going into the new Fiscal Year (FY) 2016/17. Also, the one-time \$2M appropriation for drought funding has been completely expended.

In regards to Core Funds for FY 2016/17, today the Panel will consider \$6.4M in projects with an additional \$844,000 approved by Delegation Order. Should the Panel approve all the projects today, ETP will have approximately \$74.8M for the remainder of the FY 2016/17. Again, we are in good shape going into the next FY.

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, 8 projects were approved totaling over \$844,000.

For FY 2016/17 funding to date, we have approximately 385 projects submitted, with a value of just over \$55M. If all the projects are approved today, the Panel will have approved close to \$15M in proposals. Financially we are in great shape as we move into the next FY. We are working with the Administration to look at a higher appropriation for the Budget Year 2017/18.

Regarding applications for contracts that are remaining in the Regional Offices: Single Employer Contract requests are at \$36M; \$35M in allocation. Multiple Employer Contract (MECs) requests are at \$7.2M; \$16M in allocations. Small Business has \$3.7M in demand; \$5.4M in allocations. Critical Proposals are at \$552,000 in demand; \$6.9M in allocations. Apprenticeships are at \$4.8M in demand; \$10.1M in allocations. Overall demand is approximately \$55M.

Regarding the number of projects remaining in the Regional Offices: Single Employers 129, MECs 17, Small Business 109, Critical Proposals 2, and Apprenticeships 18 for a total of 275. AAU by category: Single Employers 53, MECs 9, Small Business 40, Critical Proposals 0, and Apprenticeships 8 for a total of 110. Staff is currently working very hard to get those projects; about 75% have been assigned to the regional office thus far.

In regards to legislation, there isn't anything new to report to the Panel at this time.

VI. MOTION TO ADOPT CONSENT CALENDAR PROJECTS

Mr. Knox said, as requested by a few of the Panel members, Item #1, ARS National Services Inc., and Item #8, Optima Tax Relief, LLC will be removed from the Consent Calendar. We will put them over to the next Panel meeting for discussion.

Ms. Roberts said, I would like to remove Item #1 and Item #2. There are some problems there; it's a call center and a debt collection agency. I would like them to come before the Panel.

Mr. Knox asked for a motion to adopt Consent Calendar Item #2 through #7, and Item #9 through #11.

Bluebeam, Inc.....	\$120,288
CHA Hollywood Medical Center, L.P. dba Hollywood Presbyterian Medical Center.....	\$126,360
Harris & Bruno Machine Co., Inc. dba Harris & Bruno International.....	\$108,000
Heritage Distributing Company.....	\$187,200
LiDestri Foods, Inc.....	\$231,160
OpenX Technologies, Inc.....	\$248,000
Santa Monica Seafood Company.....	\$173,600
SingerLewak, LLP.....	\$122,400

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of Consent Calendar Items #2 through #7, and Items #9 through #11.
Motion carried, 6 – 0.

Mr. Broad said, I would like to note the arrival of Mr. Rodriguez (9:47am).

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 there was a second on the approval to delegate authority to the Executive Director in event of loss of quorum.
Motion carried, 6 – 0.

Mr. Knox said, I would like to talk about our new online system, Employment Training Management System, ETMS. Most of you have been around long enough to know the history of this project. We are extending the launch date by another 6 to 8 weeks.

I would like to thank the Panel members and stakeholders for being patient. The new system has been in the works for about seven years in terms of the overall design. As many of you are aware, this project was initiated from the last Administration and placed under the Employment Development Department (EDD). We were added into the scope of redesign over 7 ½ years ago, in addition to the EDD CalJOBS System.

Geographic Solutions, which is the entity that holds the contract with EDD, has been working on the custom off-the-shelf build out of the ETP system. This is based on the backbone of our current operating system, and there's been a lot of negotiation for the last 3 ½ years on what we can and cannot change; we are getting close to a launch date. We had brought in some of our stakeholders and contractors to preview the new system and received some feedbacks. Our original launch date was planned for Monday, July 25th. However, after some consideration, we are working on some issues that could pose as potential problems. We will continue to move forward; we will push out the launch date by 6 to 8 weeks.

The cost of the system is very low, and that was part of the benefit in having our design going under EDD. Unfortunately, it has taken up a lot of time, but based on some feedbacks, not a lot of people are eager for the system to launch quickly.

The full system has always been under oversight by the California Department of Technology. When you're placed under review with that entity, there is a timeline that we have to meet; we have extended it out as far as we can. We will have the Panel preview the new ETP system, if not next month, the following month. We also would like to provide an in-depth training for the contractors, and I think everybody will be relatively pleased in the end.

Mr. Broad said, I have read some of the emails, and I know that some of you are not happy with the new system. You will get a chance to come up and speak before the Panel for public comments, and we can then take a look and see if we can accommodate your requests or not.

VIII. REPORT OF THE GENERAL COUNSEL

Maureen Reilly, General Counsel, said, I have no comment.

IX. REVIEW AND ACTION ON PROPOSALS

Single Employer Proposals

Physicians for Healthy Hospitals, Inc.

Diana Torres, Manager of the San Diego Regional Office, presented a Proposal for Physicians for Healthy Hospitals, Inc. (PHH) in the amount of \$385,550. PHH is a for-profit coalition of local doctors whose mission is to create strong state-of-the-art hospitals that serve as centers of medical excellence in the Hemet, San Jacinto, and Menifee Valleys in Southern California. This will be PHH's third ETP Agreement in the last five years.

Miss Torres introduced Joseph Trainer, Director of Education.

Ms. Roberts asked Ms. Torres regarding the computation of substantial contribution for the active project and current proposal, and Ms. Torres addressed Ms. Roberts' questions.

Ms. Roberts said, Mr. Trainer, this has nothing to do with your training capability. Everything in this proposal looks good; we just want to be consistent from one contract to another when we look at the substantial contribution and logistics of the grants. For future contracts, keep

in mind that you might be subject to a substantial contribution. Mr. Trainer said, that sounds good to me.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the proposal for Physicians for Healthy Hospitals, Inc. in the amount of \$385,550.

Motion carried, 6 – 0.

Reborn Cabinets

Ms. Torres presented a Proposal for Reborn Cabinets in the amount of \$266,040. Founded in 1983, Reborn Cabinets, a family-owned company, designs, manufactures, and installs custom cabinetry for kitchens and baths.

Ms. Torres introduced Vince Nardo, President, and Rocio Leon, Manager and Strategic Partnership and Training, CMTTC.

Mr. Rodriguez asked, did your father start the company? Mr. Nardo said, yes. Mr. Rodriguez asked, where did he learn his craftsmanship? Mr. Nardo said, he learned from one of his brothers who owned a large 200-person cabinet company in New York.

Ms. Roberts said, this is a great proposal. This is your first contract and you have a great infrastructure. You have a consultant in place to help you get through this project, and once you're familiar with the process, you can probably come back on your own.

Ms. Roberts said, using \$5 per hour to meet the post-retention wage seems high for a \$10 per hour position; and part of that \$10 per hour is commission wage, is that correct? Mr. Nardo said, we have changed the base wage for the new employee since the time we've submitted our application. The base wage was \$10 per hour, but we raised it to \$12 per hour. I've found two employees that are making \$10 per hour, but their wage will be moved up to \$12. We can't be competitive at \$10 per hour, so everybody starts at \$12 per hour. This is specifically for the commission sales person when they come in for training. I need to pay them a wage. Otherwise, they won't be able to live. So, we start them in the training program at \$12 per hour for about 2 weeks, then they move on to commission. Ms. Roberts said, okay.

Ms. Leon said, I'm going to jump in the conversation. During the development, we were given some numbers; employer and employee portion. The dollar amount to meet the post-retention wage should be closer to \$1.25 rather than \$5. I apologize for that mistake. Ms. Roberts said, I'm glad we got that squared away.

Ms. Roberts asked, how many of your employees make \$12 per hour? Mr. Nardo said, the ones that make \$12 per hour would be the line workers and manufacturers. When you start as a line worker or as a manufacturer, you only get the base wage. Most of the other positions are above \$12 per hour, or \$12 per hour plus a bonus. Ms. Roberts asked, after the training, would the trainees be bumped up to \$13.73? Mr. Nardo said, absolutely. Ms. Roberts said, okay.

Mr. Nando said, what we've seen in the newspapers, companies like Target, were raising their wages; and now we have to raise our wages. But I just can't raise an employee's wage unless they receive some type of training, because it wouldn't make sense. So, what we would like to do is put them through manufacturing and installation training.

Mr. Nando said, I would like to share two stories. The first story is about Matthew Arietta, who was a ticket taker at the movie theater. He was 21 years old and had no experience. We provided him with the training on how to reface a kitchen and bathroom, and now he's making almost \$7,000 a month. The second story is about Charles Lopez. Mr. Lopez and his family thanked me at our company picnic, because prior to working for us, they were homeless. We hired him, provided him with training as a kitchen installer, and now they are able to afford a home and take a vacation. Our number one goal is to build a winning team, and I take that to heart. Our first and foremost responsibility is to give back to our people. Ms. Roberts said, those are great stories, and I appreciate you being candid. Mr. Nando said, thank you.

Ms. Bell said, thank you for being transparent. What type of benefits do you offer your employees; is there a waiting period? Mr. Nando said, the qualifying period is 60 days. We offer two different plans. The first plan is Kaiser HMO. The annual cost is \$2,000 a year, and we cover about \$1,700 of that amount. The employees have the option to add to their plan. The second option is Blue Cross PPO; this is for the employees who can afford a better plan. Ms. Bell said, thank you. Mr. Nando said, you're welcome.

Mr. Broad asked, are the commissioned salespeople guaranteed a minimum wage? Mr. Nando said, yes. Mr. Broad asked, how many of those 45 salespeople are new to sales? Mr. Nando said, 12 to 15; we have a high retention rate. Mr. Broad asked, are they doing cold-calls? Mr. Nando said, our salespeople are called designers. Although they are in sales, we have to train them on how to design a kitchen or bathroom; it's a design-based training. We want to hire people with no experience, because we want to be able to mold them. We set up the appointment, and the designer goes out to the customer's home. Our designer will then go over some layouts, and quote a price. We hold their hand throughout the process until the construction begins.

Mr. Broad asked, do you have a boiler room operation going? Mr. Nando said, no. Mr. Broad asked, is the commission based on the total cost of the job? Mr. Nando said, to keep it simple, our salespeople are paid on commission versus hourly, because it keeps them honest to do the job right. If they're paid hourly, it would be difficult for me to keep track if they are taking care of the customer. By holding the commission over their head, they are required to visit and take care of the customer.

Ms. Bell asked, does the sale staff receive the commission upon completion of the project? Mr. Nando said, no. They receive half of the commission when they sell the project, because we don't want them to wait; and they receive the other half once the project is completed. Mr. Broad said, thank you.

ACTION: Ms. Roberts moved and Mr. Rodriguez seconded approval of the proposal for Reborn Cabinets in the amount of \$266,040.

Motion carried, 6 – 0.

Anheuser-Busch, LLC

Willie Atkinson, Manager of the Sacramento Regional Office, presented a Proposal for Anheuser-Busch, LLC (Anheuser) in the amount of \$633,278. Founded in 1852, and headquartered in St. Louis, Anheuser develops, distributes and markets a variety of alcoholic beverages.

Mr. Atkinson introduced Betty Cooper, Regional Training Manager.

Ms. Roberts asked, how long have you been employed with Anheuser? Ms. Cooper said, I've been with Anheuser for 17 years. Ms. Roberts said, Anheuser had a prior contract with ETP, but you weren't involved in that project. Ms. Cooper said, that is correct. Ms. Roberts asked, are you familiar with the ETP process and data collection? Ms. Cooper said, I'm working with Tax Credit Company, and I have learned a lot about the ETP process.

Mr. Rodriguez asked, what is the role of Tax Credit Company with this project, and what services are they providing? Ms. Cooper said, they are collecting data and coaching us through the process. Mr. Atkinson said, they are a third-party consultant. They helped with the development of the proposal, and they will manage the administrative part of the project. Mr. Rodriguez asked, will they be submitting reports? Mr. Atkinson said, yes; they will.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the proposal for Anheuser-Busch, LLC in the amount of \$633,276.

Motion carried, 6 – 0.

Multiple Employer Proposals

Glendale Community College Professional Development Center

Ms. Torres presented a Proposal for Glendale Community College Professional Development Center (GCC) in the amount of \$925,070. This will be the 38th Agreement between ETP and GCC.

Ms. Torres introduced Kimberly Holland, Executive Director, Joel Isaguirre, Quality Assurance Manager, Roncelli Plastics, and Tony Tartaglia, Board of Trustee.

Mr. Broad said, thank you for coming, Mr. Tartaglia. It's not often that we get a visit from the Community College Board of Trustee; that's very much appreciated.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of the proposal for Glendale Community College Professional Development Center in the amount of \$925,070.

Motion carried, 6 – 0.

Santa Monica Community College District

Ms. Torres presented a Proposal for Santa Monica Community College District (SMCCD) in the amount of \$949,611. Founded in 1929, SMCCD is a two-year public community college located in the City of Santa Monica. This will be SMCCD's eighth ETP Agreement.

Ms. Torres introduced Sasha King, Director, and Gordon Kirkpatrick, Kirkpatrick Enterprise International (KEI).

Mr. Rodriguez asked, is the data collection system that you are using proprietary to the college, or is it something that's bought off-the-shelf? Ms. King said, no; starting with this contract, we are partnering with KEI. They will be helping us with the administrative component; up until now, it was proprietary. We have been handling all that in-house, but since we've increased our marketing effort and co-branding the training program, we are outsourcing more of those needs to KEI.

Mr. Rodriguez asked, who are you co-branding with? Ms. King said, we are co-branding with our employers. Mr. Rodriguez said, thank you.

There were no further questions from the panel.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of the proposal for Santa Monica Community College District in the amount of \$949,611.

Motion carried, 6 – 0.

Northern California District Council of Laborers Construction Craft Laborers Joint Apprenticeship Training Center

Creighton Chan, Manager of the Foster City Regional Office, presented a Proposal for Northern California District Council of Laborers Construction Craft Laborers Joint Apprenticeship Training Center in the amount of \$530,512. This is the third ETP Agreement between ETP and Northern California District Council of Laborers Construction Craft Laborers Joint Apprenticeship Training Center.

Mr. Chan introduced Jeff Armstrong, Director of Apprenticeship, and Jan Borunda, California Labor Federation.

There were no questions from the Panel.

ACTION: Mr. Rendon moved and Ms. Roberts seconded approval of the proposal for Northern California District Council of Laborers Construction Craft Laborers Joint Apprenticeship Training Center in the amount of \$530,512.

Motion carried, 6 – 0.

Carpenters Training Committee for Northern California

Mr. Atkinson presented a Proposal for Carpenters Training Committee for Northern California (CTCNC) in the amount of \$949,180. CTCNC is the educational organization that provides Pre-Apprentice, Apprentice, and Journeyman training services for union carpenters throughout Northern California.

Mr. Atkinson introduced Paula Resa, Director of Training, and Steve Duscha, Duscha Advisories.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the proposal for Carpenters Training Committee for Northern California in the amount of \$949,180,

Motion carried, 6 – 0.

XI. PUBLIC COMMENTS

Steve Duscha, Duscha Advisories

Mr. Duscha said, Mr. Chairman, you correctly summarized my comments, and I won't expand unless prodded. I am pleased to hear that Mr. Knox will be delaying the implementation of the ETMS. That will give people like me the chance to get a better look at the system and see the "good" and the "bad", and I hope that the staff will take the time to get rid of the "bad". I'm more hopeful than I was prior to the start of this meeting, but I'm still skeptical.

Mr. Broad said, I believe that our staff has been open to suggestions. Clearly, at this point, we are not going to drop the launch of the ETMS and start all over again. We are going to continue and move forward. Our staff is open to constructive suggestion on how to make the system work more efficiently.

The transition to the new ETMS is like getting a new iPhone. It will be confusing at first, but you'll get it figured out. There's a lot of anxiety over this, because it's a new system, and it's different than what we're used too. The new system is much more automated, and it's Internet-based. Technical support will be available once the system is launched. If people have any questions, they can call our staff for assistance.

There were no further public comments.

XII. MEETING ADJOURNMENT

Mr. Broad adjourned the meeting at 10:41 a.m.