



**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**

California Environmental Protection Agency

1001 I Street

Sierra Hearing Room, 2nd Floor

Sacramento, CA 95814

February 26, 2016

PANEL MEMBERS

Barry Broad
Chair

Janice Roberts
Vice-Chair

Gloria Bell
Member

Sonia Fernandez
Member

Leslie McBride
Ex-Officio 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 9:30 a.m.

II. ROLL CALL

Present

Gloria Bell
Barry Broad
Janice Roberts
Sonia Fernandez
Leslie McBride
Sam Rodriguez

Absent

Edward Rendon

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, 6 - 0.

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

Motion carried, 6 - 0.

IV. MINUTES

ACTION: Mr. Rodriguez moved and Ms. McBride seconded the motion that the Panel approve the Minutes from the January 22, 2016 meeting.

Motion carried, 6 - 0.

V. REPORT OF THE EXECUTIVE DIRECTOR

Stewart Knox, Executive Director, said, welcome and good morning Panel members, applicants, and stakeholders. Following the last Panel meeting in January, we have a smaller Panel meeting today with approximately \$9.1M in projects with an additional \$614,000 in Delegation Orders for a total of just over \$9.7M. I will also update you on how we are doing on our funds as we get closer to the end of the Fiscal Year (FY) 2015/16.

Today we have a mix of single employer and multiple employer projects. Regional Office Managers Greg Griffin, Creighton Chan, and Willie Atkinson are here today to present those proposals.

Regarding the Budget for Alternative Fuels and Vehicle Technology Program in partnership with the California Energy Commission, we started off this year with \$2.8M. The Panel has approved over \$2.5M in projects, and we have about \$200,000 remaining in this FY. Since December 2015, the \$2M of the drought funding has been completely encumbered, and we were not allocated additional funds for FY.

In regards to the CORE funding for the FY 2015/16, to date, the Panel will consider an additional \$9.1M in projects with another \$614,000 approved by Delegation Order. Should the Panel approve all the projects for today, the Employment Training Panel (ETP) will have approximately \$10.6M for the remainder of FY 2015/16, which will take us fairly close to the end of the FY. We will not hold a Panel meeting in April, but we will have a meeting in May with the Panel Members to discuss how the funds are allocated; in June, we will have the funds available for the next FY. We will continue to accept pre-applications during this process, and continue with Delegation Orders as we go through the end of this 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 we, have approved 10 projects totaling over \$614,000.

For the FY 2015/16 program funding, to date, we have approximately over 680 projects submitted in the first and second round of applications, with a value of just over \$130M. If all the projects are approved today, the Panel will have approved close to \$80M in proposals. Financially we look very strong. We are not cutting out the pre-applications. Most of the applications that are coming in are repeat contracts, and they are getting in line for the next year's funding cycle.

Regarding the FY 2015/16 Fund Status Report, we will go over the report in May, and look at alternatives on how to put out the funding for the following FY. We are running low in certain areas, so we will bring some recommendations for a reallocation of funds before the Panel.

Regarding applications for contracts that are still in the regional offices: Single Employer Contract requests are at \$25M in demand; \$7.5M in allocations. Multiple Employer Contract (MECs) requests are at \$7M in demand; \$2.4M in allocations. Small Business has \$3.5M in demand; \$1.1M in allocations. Critical Proposals are at \$560,000 in demand; \$1.2M in allocations. Apprenticeships are at \$5.1M in demand; \$1.2M in allocations. Overall demand is approximately \$40M.

Regarding the number of projects remaining in the regional offices today: Single Employers 107, MECs 11, Small Business 75, Critical Proposals 2, Apprenticeships 11; total of 205. AAU by category: Single Employers 55, MECs 17, Small Business 61, Critical Proposals 0, Apprenticeships 14; total of 147. Staff is currently working very hard with those projects; about 75% have been assigned to the regional office thus far. They have done a great job this year maintaining a pretty good standard of about \$9M to \$10M per month.

In regards to the legislative update, the following bills have been introduced in the 2015-16 legislative session that have a potential or direct impact on the ETP, or that may be of interest to the Panel:

AB 1598 Budget Act of 2016 and SB 825 Budget Act of 2016. These are the budget bill placeholders for this year's budget.

AB 1033 Economic Impact Analysis: Small Business Definition. This bill would allow state agencies, when preparing an economic impact analysis, to use a consolidated definition of small business as a business that is independently owned and operated, is not dominant in its field of operation, and that has fewer than 100 employees.

AB 2095 Economic Development. This bill would express the intent of the Legislature to enact legislation that would enhance, and advance opportunities in certain facilities in California.

AB 2288 Apprenticeship Programs: Building and Construction Trades. This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions. This bill will be heard at the Assembly Budget Committee on March 20, 2016.

AB 2642 Removing Barriers to Employment Act. The bill would additionally appropriate an unspecified amount from an unspecified fund to the California Workforce Investment Board for administration of the grant program.

VI. MOTION TO ADOPT CONSENT CALENDAR PROJECTS

Mr. Knox asked for a motion to adopt Consent Calendar Items #1 through #5, and Items #7 through #9. Item #6 was removed from the Consent Calendar due to low success rate.

American Financial Network, Inc.....	\$201,075
Esurance Insurance Services, Inc.....	\$204,620
JSR Micro, Inc.....	\$118,404
Los Alamitos Medical Center, Inc. dba Los Alamitos Medical Center.....	\$149,760

P2S Engineering, Inc.....	\$105,960
The Management Association, Inc. dba The Management Trust.....	\$201,600
The Technical School Inc. dba Technical College.....	\$116,175
Virgin Galactic, LLC.....	\$247,200

ACTION: Ms. McBride moved and Ms. Fernandez seconded approval of Consent Calendar Items #1 through #5, and Items #7 through #9.

Motion carried, 6 – 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. McBride seconded the approval to delegate authority to the Executive Director in event of loss of quorum.

Motion carried, 6 – 0.

Mr. Broad said, with regards to Item#6, Rabobank, on the Consent Calendar, we will deal with this project at our next Panel meeting and give them an opportunity to appear before the Panel.

VIII. REPORT OF THE GENERAL COUNSEL

Maureen Reilly, General Counsel, said, we are pleased to see that we have almost 200 Veterans included in this month’s training; 100 of those Veterans are on the Delegation Order. It’s a small funding amount, but about 25% of the workforce is Veterans. We are really making a push for this initiative, and we will recognize the companies that have stepped forward with a Veterans training component on our *ETP Salutes*. Thank you to those companies.

IX. REVIEW AND ACTION ON PROPOSALS

Single Employer Proposals

Los Robles Regional Medical Center

Greg Griffin, Manager of the North Hollywood Regional Office, presented a Proposal for Los Robles Regional Medical Center (Los Robles) in the amount of \$746,974. Los Robles is a 354-bed acute care hospital that provides medical services to the residents of Ventura and Los Angeles Counties, the Greater Conejo Valley, and surrounding communities. Los Robles is a repeat contractor with less than \$500,000 earned at the Los Robles facilities within the past five years. Therefore, Substantial Contribution does not apply.

Mr. Griffin introduced Cynthia Johnson, Chief Nursing Officer, and Janine Gallego, Associate Chief Nursing Officer.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of the proposal for Los Robles Regional Medical Center in the amount of \$746,974.

Motion carried, 6 – 0.

US Foodservice, Inc.

Mr. Griffin presented a Proposal for US Foodservice, Inc. (US Foods) in the amount of \$351,300. Established in 1989, US Foods is a certified “green” distribution operation that supplies over 350,000 national brand products alongside the company’s own private-label and signature brand items. This will be US Food’s third ETP Agreement. Although the Company has earned over \$250,000 in the past five years, no single location has surpassed that amount. Therefore, US Foods is not subject to Substantial Contribution.

Mr. Griffin introduced Marlene Grove, Human Resource Manager.

Mr. Broad said, you seem to have an excellent performance record.

Ms. Roberts asked, is Livermore included in this proposal? Ms. Grove said, they’re a separate location. This contract proposal is for Southern California that encompasses the Corona, San Diego, and La Morada locations.

There were no further questions from the Panel.

ACTION: Ms. Bell moved and Ms. McBride seconded approval of the proposal for US Foodservice, Inc. in the amount of \$351,300.

Motion carried, 6 – 0.

Wonderful Citrus Packing LLC

Mr. Griffin presented a Proposal for Wonderful Citrus Packing, LLC (Wonderful Citrus) in the amount of \$658,264. Wonderful Citrus was founded in 1950 and is wholly-owned by The Wonderful Company. Prior ETP Agreements with the Company were under its former corporate name Paramount Citrus Packing Company LLC. Since then, the Company changed its name and business registration to Wonderful Citrus Packing LLC.

There are two ETP Agreements under The Wonderful Company umbrella: Wonderful Pistachios and Almonds, LLC. Wonderful Citrus is currently working to attract veterans into its workforce. As such, Wonderful Citrus is including a separate Veteran Job Number (Job Numbers 3 and 4) for training 20 Veterans.

Mr. Griffin introduced Mary Lou Gonzalez, Human Resources, Director of Operations, and Pete Makenzie, Senior Director of Operations.

Ms. Bell asked, what is the waiting period for your seasonal employees to qualify for medical benefits? Ms. Gonzalez said, 30 days. We have an on-site clinic at our facility, and this is one of the advantages of working for Wonderful Citrus. Even though our seasonal workforce may be laid off, they are still able to retain their benefits and receive services from our on-site clinic. Ms. Bell said, that's fantastic.

Ms. Bell asked, does your on-site clinic oversee your workers compensation cases as well, or is it just medical visits? Ms. Gonzalez said, our worker's compensation cases are handled by a third-party. Ms. Bell said, thank you.

Mr. Rodriguez asked, is your plant in Mexico also called Wonderful Citrus? Mr. Makenzie said, Wonderful Citrus is the larger company, and Halos is within that. We have our grapefruit produce and Texas Scarlett, and then the lemons and limes in Mexico. Mr. Rodriguez asked, is that under the same company brand? Mr. Makenzie said, it is under the same company. Mr. Rodriguez asked, will the employees from your Mexico plant come to the United States for training? Mr. Makenzie said, no. Ms. Gonzalez said, they are separate.

Ms. Roberts said, 165 training hours for a two-year average seems like a lot for an agricultural worker. Mr. Makenzie said, the technological sophistication of the plant is what drives the training hours. Although we are in agriculture, if you were to walk in our plant, it is a full on manufacturing plant. It is highly automated, computerized and very sophisticated. With our growth, we are bringing in more equipment and computer systems; we are looking to create efficiency and continuous improvement, and that's creating a huge amount of training for our employees to be able to master the use of the equipment.

Ms. Roberts asked, will you be bringing technical training into the classroom; 1:6 ratio? Mr. Makenzie said, yes.

Mr. Griffin said, Ms. Roberts, we looked at the numbers during the development of the proposal. On the last project, the average hours were 190 per employee, which is consistent with the previous contract.

Ms. Roberts asked, is Palm Wonderful affiliated with your organization? Mr. Makenzie said, Palm Wonderful is our sister company. We are two separate companies, but owned by the same person. Ms. Roberts asked, does Paramount Farms have anything to do with you? Mr. Makenzie said, Paramount Farms is our sister company; same owner. Ms. Roberts said, does the owner of the company have multiple contracts with ETP, and who's the owner of the company? Mr. Makenzie said, the Reznicks own the company.

Mr. Rodriguez asked, is the company a private or holding company? Mr. Makenzie said, the company is private.

Ms. Bell said, do you also own Fiji water? Mr. Makenzie said, yes, that is correct. Ms. Bell said, I'm familiar with your facility, and I commend you on your safety program as well. You guys do a really good job.

ACTION: Ms. Roberts moved and Mr. Rodriguez seconded approval of the proposal for Wonderful Citrus Packing, LLC in the amount of \$658,264.

Motion carried, 6 – 0.

H. M. Electronics, Inc.

Creighton Chan, Manager of the Foster City Regional Office, presented a Proposal for H. M. Electronics, Inc. (HME) in the amount of \$352,400. Founded in 1971 and headquartered in Poway, HME is a privately owned company that provides industry-leading wireless communication equipment, timer and software products to the quick service restaurant industry and high school collegiate athletic programs. This will be HME's second ETP Agreement.

Mr. Creighton introduced Kathy Vail, Vice President of Human Resources, Diem Lewis, Organizational Effectiveness Manager, and Debra Imonti, DLI Associates.

Ms. Fernandez asked, do you have a plan in place to recruit veterans, since your location is perfect for hiring and creating programs for veterans? Ms. Vail said, yes. We have a veteran outreach, and we have an affirmative action on the veteran program.

Ms. Roberts said, it sounds like you take great pride in your company, which is what we love to hear. So, are you familiar with the Malcolm Bridge Award (MBA)? Ms. Vail said, yes. We've had discussions over the past few years and the next award we're targeting is the Association for Manufacturing Excellence (AME). They have an award that is specific to Lean Enterprises who are implementing continuous improvement. We are in the process of preparing to apply for that next year. Ms. Roberts said, there's also a California MBA called CAP as well. You might want to look into that. I think you would be a good candidate, I could tell that you take pride in your company. Ms. Vail said, thank you.

There were no further questions from the Panel.

ACTION: Mr. Rodriguez moved and Ms. Bell seconded approval of the proposal for H. M. Electronics, Inc. in the amount of \$352,400.

Motion carried, 6 – 0.

Service Champions, Inc.

Mr. Chan presented a Proposal for Service Champions, Inc. (SCI) in the amount of \$379,440. Founded in 2000 and headquartered in Orange County, SCI specializes in installing, diagnosing, and repairing systems for Heating, Ventilation, and Air Conditioning (HVAC).

SCI partners with local organizations such as "Hire-A-Vet" and "Hire-a-Hero through participation in job fairs, and with the Department of Veteran Affairs to actively recruit, train, and employ veterans. SCI plans to hire eight Veterans over the next two years.

Mr. Chan introduced Claudia Del Rio, Human Resources Managers, and Julianna Kirby, Training Funding Partners.

Mr. Broad said, it looks like you're training everyone in the company. Ms. Del Rio said, yes. Mr. Broad said, this is your first proposal. Often times, first time folks who come in, they want to train virtually everybody, and then they figure out that it doesn't work well. When you train the whole company, you have to do it in phases, and when there's a change in the economy, the whole thing falls apart, and you have to stop the production. Ms. Kirby, I would like to address this question, do you feel comfortable with your set up for this proposal was done in a way that won't disrupt production? Ms. Kirby said, absolutely. When we looked at the development of our proposal with staff, we had the new hires in the project. With the implementation of the new ERP System, the training plan will touch everyone in the company. Not everyone will need 60 hours of training, but we looked at how many will need at least 8 hours. We scheduled the training and spaced it out so that the departments won't get hit all at once.

Mr. Rodriguez asked, is management part of the planning as you plan out the training? Ms. Kirby said, absolutely. Mr. Rodriguez asked, do you have all the management positions filled? Ms. Kirby said, there's definitely a hiring plan in place for technicians and installers. In order to support our growth, we also have to hire customer service dispatch, and some management positions. There's a front line management that will be a part of that project. The general manager, technical training manager; everyone is involved. Mr. Rodriguez asked, how long has this been going on? Ms. Kirby said, we've been working on this project since August. Mr. Rodriguez said, thank you.

There were no further questions from the Panel.

ACTION: Mr. Rodriguez moved and Ms. Roberts seconded approval of the proposal for Service Champions, Inc. in the amount of \$379,440.

Motion carried, 6 – 0.

TTM Technologies, Inc.

Mr. Chan presented a Proposal for TTM Technologies, Inc. (TTM) in the amount of \$428,400. Founded in 1999 and headquartered in Costa Mesa, TTM manufactures printed circuit boards (PCB) and backplane assemblies for both original equipment manufacturers and electronic manufacturing service products.

This will be the third Agreement between ETP and TTM. The first Agreement involved changing the company culture into a learning organization. The second Agreement focused on providing Productive Lab, Manufacturing Skills, and Computer Skills training to Production Staff. Although the Company is a repeat contractor, substantial contribution is not being applied because not one facility has earned in excess of \$250,000 with the past five years.

Mr. Chan introduced Kam Johnson, Training Manager, North America Business Unit.

Mr. Broad said, I just want to go over the two previous Agreements. Mr. Chan said, the facilities from the two previous Agreements did not earn \$250,000.

Mr. Rodriguez said, the first agreement involved changing the company culture into a learning organization, and the second agreement focused on providing Lab Manufacturing skills. What is the purpose for the third proposal? Mr. Johnson said, the previous contracts involved San Diego, Santa Ana, and Santa Clara. In the past year, we acquired our competitor Viasystems. We now have two new facilities to us; Anaheim and San Jose. The majority of the training will focus on the two new facilities. We will be doing similar training as at our three original sites. We are also hiring a large group. A percentage is going through training at the three original facilities. The bulk of the training will be at our new facilities which haven't had any training. They've been struggling; they haven't had any pay increase, and they're excited to get going with the training.

Mr. Rodriguez asked, do you anticipate a fourth proposal coming to the Panel in the future? Mr. Johnson said, potentially, but it would be a much smaller contract that will focus on the new facility. If we come with a fourth proposal, it will probably be half of our current proposal. Mr. Rodriguez said, thank you.

Ms. Roberts asked, is this proposal for Anaheim, Santa Clara, or San Jose? Mr. Johnson said, it still includes all five facilities. As Mr. Chan mentioned, 408 of the 680 employees are going to be at the two new facilities. The bulk of the training will be at the two new facilities; we're still training at the other facilities as well. It's a much smaller group.

Ms. Roberts asked, was the \$650,000 from the previous contract divided up with the three facilities; San Diego, Santa Ana, and Santa Clara? Mr. Johnson said, yes. Ms. Roberts asked, did any of those facilities earn more than \$250,000. Mr. Johnson said, no.

Mr. Broad said, we do have the option of requesting a company for substantial contribution, even though it's not required. If you would like to make a motion, that's up to you. Ms. Roberts said, certainly at the next proposal. Obviously, Mr. Chan is aware that they haven't received earnings over \$250,000. I'm just looking at the various facilities.

Mr. Broad said, this is not an issue were we feel manipulated. When you return for the fourth time, you might want to expect substantial contribution, because you are at multiple facilities.

There were no further questions from the Panel

ACTION: Ms. Roberts moved and Mr. Rodriguez seconded approval of the proposal for TTM Technologies, Inc. in the amount of \$428,400.

Motion carried, 6 – 0.

Covenant Care California, LLC

Willie Atkinson, Manager of the Sacramento Regional Office, presented a proposal for Covenant Care California, LLC (Covenant Care) in the amount of \$749,900. Founded in 1994 and headquartered in Aliso Viejo, Covenant Care uses 5000 professionals to provide

24-hour in-patient care ranging from short-term skilled nursing and rehabilitative care to long-term assisted-living, custodial, prostate, and respite care. This will be Covenant Care's second ETP Agreement in the last five years.

The Company currently has 22% turnover rate, which is approximately 20% below the industry standard of around 40%. The ETP program is designed to fund training for stable, secure jobs. Therefore, the employer's turnover rate cannot exceed 20% annually for the facility where training is requested. The Panel may, or may choose not to, impose a "turnover penalty" when the company crosses this 20% threshold. Thus, staff recommends approval of the Company's 22% turnover rate with no penalty imposed.

Trainees in Job Numbers 2 and 4 work in High Unemployment Area (HUA), with unemployment exceeding the state average by 15%. The Panel may modify the ETP Minimum Wage for these trainees by up to 25% if post-retention wages exceed the start-of-training wages. For Job Number 2 Retrainees, Covenant Care is requesting an HUA wage modification. I would also like to add that staff has reviewed and approved the LMS under this Agreement, although it's not included in the ETP 130.

In regards to Substantial Contribution (SC), the earnings in the previous Agreement were a little over \$560,000. However, over \$300,000 was under Job Creation, which is not part of the SC, and the rest of it was spread throughout multiple facilities.

Mr. Atkinson introduced Jaqueline Turner, Director of Education.

Ms. Roberts asked, are the training you provide portable skills? If someone leaves your organization, are they able to find another job in the same field? Ms. Turner said, it is to some extent. The clinical complexities in our hospitals have increased by 20%, so we're dealing with multiple condition and skill sets. This came about through the bundle payment and the Affordable Care Act (ACA), which has pushed higher acuity in our settings. We are training skilled nursing workforce members to challenge their skill set. We also provide sub-acute care which is not provided by most nursing facilities. We have a dementia unit, and we have returned 57% of our patients back into the community. We've stepped up our training and we provide a greater skill set.

Ms. Roberts asked, Mr. Atkinson, if their turnover rate goes above the 22%, what will happen? Mr. Atkinson said, we could potentially impose a 25% earned payment penalty. Ms. Roberts said, so 22% is our baseline.

Ms. Turner said, the industry turnover rate is 40%. Ms. Roberts said, we've done the same thing with other companies that have come through with that issue as well and we have imposed penalties. We understand where you are with that. Ms. Turner said, thank you

ACTION: Ms. Roberts moved and Ms. McBride seconded approval of the proposal for Covenant Care California, LLC in the amount of \$749,900.

Motion carried, 6 – 0.

E. & J. Gallo Winery, A Wholly-Owned Subsidiary of Dry Creek Corporation.

Mr. Atkinson presented a Proposal for E. & J. Gallo Winery, A Wholly-Owned Subsidiary of Dry Creek Corporation (Gallo) in the amount of \$740,000. Gallo was founded in 1993. Today, Gallo is the largest-family owned winery in the United States. This is the second ETP contract with Gallo within the last five years.

Gallo is a repeat contractor with payment earned in excess of \$250,000 within the last five years. However, the Company is not subject to a Substantial Contribution (SC) under this proposal as incumbent trainees earned less than \$250,000, and the remaining payments were earned from Retrainee – Job Creation trainees, in which SC does not apply.

Mr. Atkinson introduced Rob Sanger, Training Services Director, California Manufacturers and Technology Association, and Rebecca Bettencourt, Operations Manager Training.

Ms. Roberts said, you have a great contract here. You did a great job with the training and logistics of your business. It's really difficult to get everybody trained. I want to congratulate you on your performance.

There were no further questions from the Panel.

ACTION: Ms. Fernandez moved and Ms. Roberts seconded approval of the proposal for E. & J. Gallo Winery, A Wholly-Owned Subsidiary of Dry Creek Corporation in the amount of \$740,000.

Motion carried, 6 – 0.

SAFE Credit Union

Mr. Atkinson presented a Proposal for SAFE Credit Union (SAFE Credit Union) in the amount of \$749,610. Founded in 1940 and headquartered in Folsom, SAFE Credit Union provides financial services such as personal lending, business banking, and wealth management.

Mr. Atkinson introduced Chris Jensen, Senior Corporate Trainer, and Virginia Wade, Vice President of Human Resources.

Mr. Broad asked, what does SAFE stand for? Ms. Wade said, it used to stand for Sacramento Air Depot Federal Employees; the membership was designed for a specific field and they expanded to McClellan Air Force Base. Shortly thereafter, it became a community-based, which means anybody who lived or worked in the surrounding county.

Ms. Roberts asked, this is your first contract, you're requesting a large amount of money, and you have 22 locations. It's difficult to be in 22 locations at one time, and it's a challenging role with three job categories. Do you have any experience with ETP in the past? Mr. Jensen said, I used to work for the state of Washington in a program similar to this. Ms. Roberts said, I'm familiar with the state of Washington, and it's not similar to ETP at all. It's going through community colleges. Have you worked with community colleges? Mr. Jensen said, yes. Our program is going to be centralized for the 22 locations. We logistically planned most of the training out of our corporate headquarters.

Mr. Jensen said, we have two separate training centers. One of them has a live simulation lab, and the other location is dedicated within our headquarters with a separate computer lab that can hold up to 100 people that is set up for all of our employees. Ms. Roberts said, this is your first contract, and you don't have any other additional support, I want to address that. Mr. Jensen said, you're absolutely right. Our rosters, programs, and classes will be electronically monitored through the LMS.

Mr. Rodriguez said, the description in the narrative states that there's going to be an in class training and an online component; can you describe a little further? Mr. Jensen said, we have a broad LMS program. This will give them the access and skill set which could be done online. We have someone internally that will build the computer based training, and we have another person that will design the program, so we create a lot of it in-house. It can be administered throughout the organization so all 22 locations can access the training from each branch. Training times are separate from working hours. Mr. Rodriguez asked, have you identified the reporting mechanism to ETP in terms of the hours of training? Mr. Jensen said, we capture all the log-in and training hours. Every program has a complete roster and electronically done through the LMS. Mr. Broad said, that was impressive.

ACTION: Mr. Rodriguez moved and Ms. Roberts seconded the approval of the proposal for Safe Credit Union in the amount of \$749,610.

Motion carried, 6 – 0.

Multiple Employer Proposals

South Orange County Regional Chambers of Commerce, Inc.

Mr. Griffin presented a Proposal for South Orange County Regional Chambers of Commerce, Inc. (SOCRCC) in the amount of \$1,180,212. Established in 1969, the SOCRCC is a nonprofit member organization comprised of approximately 550 business owners, corporate representatives, community leaders, and individual members. This will be SOCRCC's fourth ETP Agreement.

Mr. Griffin said, I would like to make a correction on page 5 of the ETP 130. The narrative indicates that SOCRCC training is scheduled to commence on February 1, 2016. The correct start date is March 1, 2016. Staff has done a 100% review of the core employers included in this proposal.

Mr. Griffin introduced Todd Burnett, President of Saddleback College, Barbara Thomas, and AK Thakore, CEO, Saisoft, Inc.

Mr. Broad said, 95% of the training in this proposal is computer-based. Mr. Griffin said, yes. Mr. Broad said, as technology advances, we are going to see more computer-based training, and computer-based training is cheaper than on-site training. Therefore the taxpayers need to capture the efficiency, and lower reimbursement rate. Computer-based training can be used repeatedly, once you have invested in it, it's extremely efficient, and therefore reimbursement rate should be lower. Our reimbursement rate should be consistent with the profit margin. While people are entitled to make a living, taxpayers are also entitled to the

most efficient bang-for-the-buck. What is our rule for reimbursement rate; how do we look at computer-based training? Do we need to have a review of our reimbursement rate, so that we are spreading the money around?

Mr. Knox said, our staff has looked at this issue. We looked at the Brokered Training Model after the E-learning model came to us last year. We've had several discussions with the community college as we looked at their E-learning rate. Their rate appears to be around \$13 to \$16 an hour. They have bricks and mortar, which many of the E-learning industries don't have. We have gathered information from 16 different community colleges, and we are looking at making a recommendation to the Panel to reduce the amount for E-learning. Depending on the scenario, if it's a Job Creation, or Veteran training, the rate is about \$18 with most of the contracts with the Brokered Training Model.

Ms. Reilly said, E-learning follows the same Class Lab rate as classroom training. Mr. Knox said, there's a couple of different things in the model that we actually would like to bring to the Panel's attention; it will either be in the March or May Panel meeting.

Mr. Broad said, I'm not sure how to look at this. On one pole, you have our apprenticeship program, where you have an instructor with the trainee who is learning the skills, and it's a traditional intensive person-to-person contact. I'm a little bit old fashioned; computer-based training versus a live in-person instructor, they're completely different. We learn efficiently when there's another person face-to-face giving us instructions. When we're looking at the television or computer screen, it's a much more passive form of learning. In your head, you're not interacting with a person, it's completely different. I may be wrong in thinking it's not as good, but that's my bias.

Ms. Roberts said, Mr. Broad, you're right on target. The advocacy of online training is completely different. I've done online training and I end up multi-tasking, I'm doing other things. If I'm in a classroom, I'm not looking at a screen. The advocacy of it is not there, and even if you tell me that it's there, I have not seen any evidence of it being there.

Ms. Roberts asked, what has Saddleback have to do with this proposal? You mentioned that you're on the Board of Directors. Is this a Saddleback College request or is it SOCRCC? Dr. Burnett said, it's SOCRCC. I serve on the executive committee, and we have a strong partnership. As an educator, I would like to give you some information about online education versus in-class and all the different components, it's much more complex. Although, there is some truth to what you're saying, just keep in mind that everybody learns differently. Ms. Roberts said, yes. Dr. Burnett said, I teach online in a graduate program, it's a lot harder than in-classroom. In some ways, you're more engaged with the student, you're forced to have a one-on-one as opposed to the overall class. I'm like you, I like in-class, and there are benefits to that.

Mr. Broad said, it might just be a personal preference; we grew up with papyrus. I'm not anti-technology, and computer-based training is here to stay. The Panel can make a determination that it's not worth as much; it's not as valuable and therefore we're not going to pay as much. It's a perfectly rational policy discussion to have, whether it's worth half, a third, or a quarter as much, because we believe it's more efficacious to have one-on-one training, and it's probably more expensive to provide. These are the things we do; we're

making policy as well as working with individual proposals. We need to base it on some objective criteria. That's what the public deserves, it's objective criteria. I'm not sure what the standard of measurement is, but we need to look at it in keeping up with technology. It's not about stopping technology advancements, because it's done in a certain way. We can make a decision on how we are going to reimburse, which we have done since the beginning. This is something we are obligated to look at.

Ms. Roberts said, I want to get back to the education part of this. I took my Master's Degree through an online education program. I voluntarily signed up for it, because I wanted to get my MBA. However, when it comes to training, not everyone is volunteering. The employers are requiring the employees to go through training. Their focus is not as dedicated as educational background versus a training background; let's not confuse the two. There are two different types of online delivery; one is educational, and one is for training. I want to separate these two things.

Ms. Roberts said, since the majority of the funding is going to Saisoft, over \$1M, and \$100,000 is going to SOCRCC, what is Saddleback College doing? What is SOCRCC doing for the \$100,000? Are you going to the employees and employers asking for surveys on the efficacy of training; or getting feedback, so that we know Saisoft is actually doing the job to get the \$1M from ETP? Dr. Burton said, that's an absolutely great question, and that's why I'm here today. We are the only educational workforce provider in all of South County, which is roughly 700,000 people; which is nice, and an advantage too. We have a tremendous leadership role in educational training in our area. We're very involved, and that's why I'm here today. As I mentioned, we are going to work more closely with Saisoft, with the Chamber, and others to find a training model that can be expanded by Saddleback. Not only for IT, but for other areas, and get us more involved in workforce training. What SOCRCC, Saisoft, and Saddleback College are working on is exactly what you said: Moving forward, how can we make a more effective, more efficient, better training model?

Ms. Roberts asked, have you looked for other trainers besides Saisoft to get the whole 100% ETP funds? There's got to be other trainers out there. Dr. Burton said, we are a trainer, and that's what we are hoping to do; that's exactly part of the model that we're looking at, so that we provide most of the training. As you know most of our community colleges provide a lot of IT training to some degree.

Ms. Roberts asked, are you getting the \$100,000? Dr. Burton said, the SOCRCC is getting the \$100,000, not Saddleback. Ms. Roberts asked, what is the Chamber doing to get the \$100,000? Dr. Burton said, Mr. Chair, one thing, keep in mind, the California Community College system is the largest in the world, 2.5 million students. They do not distinguish and pay us differently to educate online, versus in a classroom, if you want a model to follow, we have the largest educational system, and it does not do that.

Mr. Broad said, although online education is higher education, there is a lot of criticism from society as to whether this is a good development. It may be good for colleges like you; Harvard is charging the same. From the consumer's point of view for higher education in American society - parents, people that are going to college - with online development, there is a question, why isn't the cost of higher education dropping dramatically as a result of this? You're the engine that gets the working-class people into the middle class. I am a strong

supporter of community colleges, but we ask the same question: If the delivery of training is cheaper, why isn't the unit price dropping? Theoretically, you can find the greatest Yale coursework, beam it out to every college in America, get a class of 700,000 students watching it, and pay different amounts per college with some reimbursement going to the instructors at each college campus. It's wildly profitable. The cost of education is crippling; why is this method of delivery worth the same amount? We represent the consumers here, and we need to capture the efficiency and cost, for purpose of ETP reimbursement. This is exactly the same question that people are asking about higher education.

Dr. Burton said, it certainly is a valid policy discussion, and the issue is going on around the country as you said. Obviously, those of us that have an infrastructure built up, student support services, etc., the cost is still there for online. In fact, in some respect, it's even more expensive for us to do on-line training. I realize it's not necessarily apples to apples, but there is a correlation. I would like to have Mr. Thakore come up and say a few words.

Mr. Broad said, we need to have our questions answered. Ms. Thomas said, can you please repeat the question? Ms. Roberts asked, what are you doing as a chamber of commerce to earn your \$100,000 from this contract? Ms. Thomas said, we team up with Mr. Thakore and his marketing team. We recruit members and nonmembers to participate within our organization. Our membership level has declined by 50%-60% since the recession. We work on programs for members and nonmembers. What used to be very member-driven - in other words, you had to be a member, to have access to the programs and public officials - we really don't have that kind of focus anymore. We're broad-based, so we have a lot of relationships with non-members statewide, who are utilizing this training service. We put the dollars that we earn through this program, right back into our local communities. We use it to put together an economic report program that provide a marketing analysis for our region, that way, the monies are put back in the organization and the local community.

Ms. Roberts asked, have you done any follow-up with Mr. Thakore of his advocacy with his program? Is it posted on your website, or in newsletters? Have you interviewed employers and employees to get feedback? Ms. Thomas said, I have talked to some employers that are part of the training. However, we don't publicize the employer feedback on our website. We do publicize the ETP Program, that's on our E-newsletters that we send out bi-weekly. We do promote the program, but I don't have any case studies.

Ms. Roberts asked, are you familiar with the 19 companies on this proposal; are they members of your chamber? Ms. Thomas said, some are, and some are not members. Ms. Roberts asked, are you doing any recruiting, or is Mr. Thakore doing the recruiting? Ms. Thomas said, Mr. Thakore is the one doing the recruiting. However, a lot of our members are aware of the program because of me, and because the Chamber promotes it. I wouldn't say that Mr. Thakore does all of the recruiting, although he is in the forefront. Ms. Roberts said, OK.

Ms. Roberts asked, have you looked at other vendors besides Saisoft? Ms. Thomas said, I have to be honest with you. I've had a lot of vendors call me, and I've looked at them; we are very open to a lot of models. In fact, that's why we want to partner with Saddleback College. But I have to tell you, I have a lot of conversations with people that have approached us, and it's less than stellar. I'm a little sensitive to joining up on a State contract with a vendor that

I'm not familiar with, nor have seen performance reviews. When I talk to the ETP staff, they're not aware of these other vendors. I run a tight ship, and I'm pretty picky about whom I bring in as a partner. Having said that, we're still hoping to expand, and we know this program can't continue with only one model. We know the issues, what we do have to offer, and the other partners within our region that we can collaborate with. So to answer your question: Yes, there are other vendors out there, but I'm very skeptical. We dot every *I* and cross every *T*. I get the impression that ETP really appreciates how we operate our program, such as reports that we submit online; we've been audited and have had close to perfect reviews. So I'm very proud of what we do in the way of performance.

Ms. Roberts said, I see it differently, and I could be completely wrong. I see Mr. Thakore coming and saying to you: "I can get this contract with ETP for over \$1M, you can get the \$100,000 as a pass-through and I'll do the rest of the marketing and training. All you have to do is just stand there and be the head of the organization." Ms. Thomas said: No, that's not how it goes. Ms. Roberts said, explain to me how it goes. Ms. Thomas said, this program is not easy to manage, with the amount of money that we pay for administrative costs and the number of people that we train; it takes a significant amount of my time to have the relationship that I have with Mr. Thakore. The Chamber does not take this contract lightly, this is a State contract. I put in a large amount of time to oversee, and to have my hands on exactly what is being done. I'm not just sitting in a nice chair and getting the \$100,000; it doesn't work that way. Our organization is on the line for these dollars. Ms. Roberts said, you're accountable for those dollars, not Mr. Thakore. Ms. Thomas said, we are accountable for it. This is our third contract; believe me, I don't take this lightly, and the organization doesn't either. That's why I have a board member here with me. We just don't let Mr. Thakore go out and do what he wants to do. We have meeting after meeting; we're on the phone at least 10 times a week, and we are communicating.

Ms. Roberts asked, will the 5% of classroom training that is not delivered by Mr. Thakore be done in-house? What I'm reading here on the narrative is that 95% will be online, and 5% will be in-house at one of your 19 representative companies. Can you tell me what company will be delivering the 5% of in-house training? Ms. Thomas said, I will have Mr. Thakore address that.

Ms. Roberts repeated: So where is the 5% of the training going to be done? Mr. Thakore said, that question is answered in the narrative that we have submitted. Ms. Roberts said, I see it, but it doesn't give me a company name; it just says "large companies". Mr. Thakore said, it does not break down the 19 companies, versus one. In the application that we submitted to field staff, the on-site training is achievable at companies that have the training infrastructure on-site, and have a critical mass of employees that need the training. When those objectives are met, then we do the on-site training. Ms. Roberts asked, who is that company? Mr. Thakore said, in the past it has been Quest Software, which is a member of the SOCRCC. They are not in this particular core group. Ms. Roberts asked, which of the 19 companies that I'm seeing here will be offering on-site training? Mr. Thakore said, at the present time none of them have opted for on-site training. As we come across that requirement, we will do on-site training; we are equipped to do that.

Mr. Broad said, I would like to make a point. There's a separate issue that involves Saisoft here, and it's a fundamental fairness issue related to other multiple employer contractors.

We have an annual limit on the number of times you can come back, and you're the only person that has beaten that. What you do is, you go to these different chambers of commerce, set up the same deal, get 99% of the money, and they get 1%. They do relatively little, they're not doing any of the training, and you're doing the marketing and administration. You have gotten \$3M out of us in one year. That's the problem. You're the only one in California that gets that.

Mr. Broad said, we are going to have to put a limit on that because you have beat our system, and we're not going to let you beat it again. We are going to take a look at this because we can't allow one provider to figure out a scheme, and that's what this is. If you were a Saisoft Training Institute, as a multiple employer contractor you would only be here once a year. All your competitors are here once a year, but you're here three times a year, because you have figured out the system. There may be issues that Ms. Roberts is bringing up, but that's all separate. My issue is the equity.

Mr. Broad said, it's a fundamental fairness issue, and a competitiveness issue, and I think it has to be addressed. We could say to everybody: If you do this model, you get one annual shot at it. Otherwise, it's just not fair, it's not fair to other contractors, it's not fair to the Chamber of Commerce, it's not fair to other community colleges, or AFL-CIO apprenticeship; it's not fair to anyone who is subject to the funding limits for each Fiscal Year. I'm sorry, I just can't see how that's justifiable. We have to make it fair one way or another. That is not your problem, Ms. Thomas, that's Mr. Thakore's problem, except that, you're not the only one coming up here with exactly the same thing.

Ms. Thomas said, let me just ask you a quick question, as to an overall perception on how this program works: How many people, how many employers really understand that they pay \$7 per-employee, per-year for money that goes into this program? Mr. Broad said, we hope they understand that our whole thrust is to spread this money around to as many employers as possible. We want new people to come in, we market to new employers, we encourage that.

Ms. Thomas said, this has been an eye-opening experience for every person that I have reached in South Orange County, and beyond. Every time I talk about this program, they have no idea. From the Chamber, I don't see any marketing that is being done on this program. How many other chambers even know about this? Mr. Broad said, maybe there's some fair criticism of our marketing people, maybe we don't do enough, maybe the California Chamber of Commerce and the California Manufacturing and Technology Association (CMTA), all the other businesses association and the labor groups, maybe they don't spread it around as much either. Maybe that is a fair criticism. On the other hand, the difference between this model, and if Saddleback College was holding the contract, is that Saddleback would get this once a year. Their employees would be spending time doing the training at a significantly greater cost, than what is going on here. This is not personal, don't take it personally. Ms. Thomas said, of course. Mr. Broad said, it's not a personal question, but it is an issue.

Mr. Broad said, that is not a reflection on you. It's not even a reflection on Saisoft. He may do a great job; he's just done it too many times. Ms. Thomas said, let me help by saying that we're aware of the issue that you have with this model. We want to try and fix the model

going forward. We know that internally you have some things you have to work on too. I think online training and computer-based training has evolved at a speed faster than what ETP has been able to respond to. That's one issue. The other issue is the E-learning model in this proposal. But we want to branch out, we want to open up training opportunities for other vendors. We don't want to throw the baby out with bathwater. It has taken hours and hours to prepare for this hearing, anticipating questions. We are not going to come back like this, we can't. We know it's an issue, on your side and on our side. We are willing to work on collaboration with other training vendors and things like that.

Ms. Thomas said, I also want to say that the Chamber wants to help you guys in your marketing, because I am so shocked that people just don't understand what the heck I'm talking about. Mr. Broad said, that's where you're getting your \$100,000. Ms. Thomas said, I know, but I'm only in this one little region. Mr. Broad said, you should be saying to me, with all due respect: For my \$100,000, I'm giving you guys \$1M worth of work. I spend eight hours a day busting my pick, talking to every mom-and-pop business in South County, and they're telling me to go away because I'm bugging them so much about ETP training, you see what I'm saying? That's what you're getting paid for. Ms. Thomas said, right, and you know why I like to do this? It's because I own my own business, and I pay those dollars. I am a management consultant. Mr. Broad said, me too, I own my own business. Ms. Thomas said, I know it, I see it; there is kind of a win-win. That's really all I want to say: I get it, we all get it, and were going to fix what we're doing. Mr. Broad said, we are too. Ms. Thomas said I know you are.

Mr. Broad said, we're going to change the rules to make this work. We keep struggling with how to wrap our head around it, and I think we finally have. Ms. Roberts said, we're getting closer. Mr. Broad said, this is probably one of the most astute presentations we've had from a chamber of commerce. Because we've had other people up here with this model, and we've asked them the same question, and they just shake their head. They pretty much said, we have really no idea what we're doing and they came back the next month with Mr. Thakore so he can respond. Ms. Thomas said, that's not happening here. Ms. Roberts said, this is the kind of precedent that we see. We see that the chamber as just showing a public face, and they become a pass-through. Ms. Thomas said, that's why I don't want to throw the baby with bathwater. You might not like the model right now, but please give us a chance to fix it.

Mr. Broad said, were not going to change the rules in the middle of the game, because that's unfair too. I've been sitting here while we've gone through this Saisoft "evolutionary conversation", and one thing is abundantly clear to me: Mr. Thakore does a good job at what he does. I don't think that the training isn't being delivered, or isn't high-quality training; I don't think any of that. I actually think you're a smart guy, you produce a high-quality product, and you have also figured out how to get our funding. You are way smarter, maybe, than everybody else; that may be what we're dealing with. We're not going to punish you for being good at what you do, or for providing high-quality training, because that would be fundamentally unfair. But, in the long run, we are going to have to figure out a way that we subject you to the same rules that apply to everybody else. Is that a fair statement? With that said, I think we need to talk about this particular project, unless there are other comments.

Mr. Rodriguez said, I just have one suggestion, I have a unique situation where I also sit on the San Francisco Workforce Board. We do a lot of work with the San Francisco chamber, unions, apprenticeship programs and community colleges. Over the last five years, we have embedded a “client satisfaction survey” for quality control and quality assurance. Many of your sister chambers throughout the state are also doing the same thing. The California Manufacturers and Technology Association also does the same thing. I think a survey like that may be very helpful for you as a chamber. Ms. Thomas said, we will do that, that’s very helpful. Mr. Rodriguez said, but you have to own that, not the vendor. Ms. Thomas said, we would do that. Mr. Rodriguez said, in San Francisco we have an eclectic culture. It’s been very helpful to us to understand the level of client satisfaction and all the trainings that we do throughout the city. Ms. Thomas said, thank you. Mr. Rodriguez said, you’re welcome.

Mr. Griffin said, Mr. Chair, I would like to make one point: there is no CBT in this proposal. It’s all E-learning instructor led real-time, I just want to point that out for clarification. Mr. Broad said, but people are still sitting behind computer terminals. Mr. Griffin said yes they are. Mr. Broad said, are they watching a live person? Mr. Griffin said, absolutely. Mr. Thakore said, the trainees are doing real labs that are assigned to them as exercises by a live person, as broadcast over servers in the cloud or their own computer. Mr. Broad said, and that goes to the question of what it’s worth, which we need to look at in a fair and objective way. That may be worth more than looking at a “canned” computer program, or that may be like taking an online traffic school. Mr. Thakore said, it’s not like a traffic school in any way.

Mr. Rodriguez said, Mr. Chair, if you allow me, I was involved in an MIT Stanford training model a couple of years ago. The thinking was to go hire the top instructor, a Nobel Physics Winner, to do training in technology; that person was a professor at the University of Chicago. Like many professors do, they moonlight and have their own business and an exorbitant amount of money was being paid to this one professor, who was teaching basically 300 students for an hour and a half, all online. We quickly figured out we can do this much efficiently, because the content was pretty well known, and it reduced our cost. What was interesting to me based on the reports from an audit, was the efficacy of the technology. To Mr. Chairman’s point, the technology, other than paying for the backend delivery, it’s always about the content. You’re basically paying for it once, unless it’s trademarked. Mr. Thakore said, some of it, yes. Mr. Rodriguez asked, some of the content you have trademarked under your company, or under your name? Mr. Thakore said, some of the courses we developed are proprietary; others we purchase from the market. Mr. Rodriguez said, is it a private company? Mr. Thakore said, yes sir. Mr. Rodriguez said, so it’s basically you? Mr. Thakore said, yes. Mr. Rodriguez said thank you.

Ms. Fernandez said, Mr. Chair, I would like to schedule a meeting to discuss this topic. I was not only a student at Saddleback College, but also a student at a community college and did some web-based training and classroom work, and it was not at the same level. I really want to address this. To me, it’s an ethical issue of the trust we have with the taxpayer’s money that we’re sending out. I really would like to schedule a meeting to discuss this topic and come up with a policy. Mr. Broad said, Ms. Fernandez’s comment has been noted.

Mr. Thakore said, this is specific to Ms. Roberts’ question about the quality. This issue came up the last time I was here, and as a response to that, I emailed the Executive Director close

to three dozen or so feedback comments we had received. These were all for the live instruction of online training. If you would like, I can resend that email. Ms. Roberts said, thank you, I appreciate that.

Ms. Roberts asked, where they positive or negative feedbacks? Mr. Thakore said, that's a fair question. That feedback I sent was positive, although we do get negative feedbacks. It's not that it doesn't happen. Most of the time, it's with a brand-new teacher adapting from the brick-and-mortar world or online world, and it takes some getting used to, especially in terms of engaging the trainees, and assisting them to get the labs done. In those specific areas, it's never about the subject matter expertise, because these are trainers that we hire who are already Microsoft and Cisco Certified Trainers. Their technical capabilities are never in doubt; it's their assimilation and adoption of the new medium, that's where we run into difficulties. It takes them maybe three or four sessions to get used to the new medium and methodology.

Ms. Fernandez said, the last time you were here, you mentioned that you were utilizing the free trial period with Microsoft. Has that changed? Mr. Thakore said, that varies. For classes that require training in open source software, that is free license; we continue to use that. Where it is required for us to purchase licenses, we purchase those to be used by the trainees and for use in the classroom. It varies from class to class.

Mr. Thakore said, with regards to the cost efficiency, I totally agree with you. When you do have this discussion, please bear in mind that the way SOCRCC runs the program, is they do not charge anything to the employers. The cost efficiency of using online methodology is already being passed on to the employers that are participating in this program. Unlike other community colleges, or other entities out there that have training or contracts with ETP. We do not charge the employers any money, whatsoever. We fully subsidize it and manage to do it within the funding that we received from ETP. Please factor that in when you look at the overall cost.

Ms. Fernandez said, in that case, if you're utilizing free technology, can you please explain why there is such a high cost for each trainee? Mr. Thakore said, again that is applicable only for classes, like Linux System Administration. Linux is an open source software and there is no licensing fee. However, if we look at Comptia Networking, that does require network simulator for which we have to purchase 20 licenses, for 20 trainees, it varies. The cost you look at is factoring all those cost and yet in spite of that, we are able to provide it in the fully subsidized manner.

Ms. McBride and Mr. Broad voted aye.

ACTION: Ms. McBride moved and Mr. Broad seconded approval of the proposal for South Orange County Regional Chambers of Commerce in the amount of \$1,180,212.

Ms. McBride and Mr. Broad voted aye. Ms. Bell, Ms. Roberts, and Ms. Fernandez voted nay, and Mr. Rodriguez recused.
Motion defeated, 2 ayes - 3 nays - 1 recuse.

Ms. Roberts said, I would like to have them come back and look at some other qualifications, because I do think that the chamber has done a great deal of work behind this, but I just don't feel like we got enough information to approved the proposal at this time.

Mr. Broad said, in all fairness to them, they probably shouldn't come back until we change the rules. Ms. Roberts said, that's right. Mr. Broad said, then we can have a discussion, in which they're perfectly free to participate, which should have full public input. We should hold a hearing on this stuff, and talk about whatever we propose; but I don't think it would be fair to have them come back and keep guessing about what would make us happy, since it's clear that there's not a majority support for this proposal in its current form. Thank you, it's done

Ms. Thomas said, even against staff recommendation? Mr. Broad said, it's a recommendation, the Panel has the vote. It's defeated. Ms. Thomas said, I understand. I'm disappointed; out of the healthy discussion we had, I think it's really unfair. Mr. Broad said, I think you're entirely entitled to be disappointed under the circumstances. It may feel unfair, however, the Legislature in its wisdom and the Governor, who signed the law that made ETP, gave the Panel a vote to exercise and the discretion to exercise that vote. After thorough discussion and debate, the majority has spoken. I didn't happen to be in the majority, but that is the way democracy works.

Mr. Griffin asked, Mr. Chairman, would the Panel be opposed to the Chamber coming back with a different training vendor until the decision is made? Mr. Broad said, it's not about the training vendor, absolutely not. That would not be right. The question is whether we're comfortable with the training model. That has something to do with, not the training vendor as such, but the training vendor's frequency in using this model. It's the same with different chambers of commerce, and how that works as an equity issue. And there are questions about reimbursement.

Mr. Broad said, the questions about reimbursement are universal to everyone. That's not related to this model, but would include this model; it's actually an issue for every single proposal that comes before the Panel. I think that the safest thing to say is that they should probably consider coming back after we have examined this, and after we have a staff recommendation on how to change the rules. We've taken a vote and fully considered this question, and I think we should try to consider it at the next possible Panel meeting. I want staff to come up with a recommendation for dealing with the issues, and we will have a thorough public discussion.

California Manufacturers and Technology Association

Mr. Atkinson presented a Proposal for California Manufacturers and Technology Association (CMTA) in the amount of \$1,199,812. CMTA is a trade association representing a large number of California's manufacturing, processing, service, and technology-based companies. This will be CMTA's fifth ETP Agreement within the last five years.

CMTA conservatively plans to have 10 Veterans (Job Number 5) participate in training, who have served on active full-time duty in the Armed Forces. Veteran trainees in Job Number 5 will receive a higher reimbursement rate of \$22 per hour.

Mr. Atkinson introduced Dorothy Roth, President, CMTA and Robert Sanger, CMTA.

Mr. Broad said, is there a plan for a taste test? Quality training equals better tasting beer.

Mr. Rodriguez said, this is great because I like the way you say “take advantage of California training reimbursement money”. There’s a lot of question from the business private sector when you say training. It takes a while to understand the reimbursement process. Do you have an Memorandum of Understanding (MOU) with UC Davis Extension on brewery, or are they a sub-vendor? Mr. Sanger said, I just spoke with Jim Brown at the Extension earlier in the week. If we have microbrewers in the area, California microbrewers that come through their classes, there are culture classes as well, what will happen is they’ll notify me and I’ll work their company. For example, let’s say they’re coming from Rubicon brewery, it’s the master brewery and that’s where they’ll take the class; and we’ll run it more like a rebate program. They’ll pay the fee up front to UC Davis, so they don’t have to change their business practice. Once they finish the class, then we’ll rebate the employer back, whatever the reimbursement is depending on the size of the brewery, and that will be a discount, basically. Those courses are pretty expensive. Mr. Rodriguez asked, do you have an agreement with UC Davis so you don’t get charged the university overhead of 115%. Mr. Sanger said, this is the extension, so they’re used to working with businesses. Mr. Rodriguez said, perfect.

Ms. Fernandez said, I’m just really excited to see the Veterans component on this proposal.

ACTION: Ms. Fernandez moved and Mr. Rodriguez seconded approval of the proposal for California Manufacturers and Technology Association in the amount of \$1,199,812.

Motion carried, 6 – 0.

X. PUBLIC COMMENTS

There were no public comments.

XI. MEETING ADJOURNMENT

Mr. Broad adjourned the meeting at 11:19 a.m.