



**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**
California Environmental Protection Agency
1001 I Street
Sierra Hearing Room, 2nd Floor
Sacramento, CA 95814
July 25, 2014

PANEL MEMBERS

Barry Broad
Chair

Janice Roberts
Vice-Chair

Gloria Bell
Member

Sonia Fernandez
Member

Kish Rajan
Member

Edward Rendon
Member

Sam Rodriguez
Member

Executive Staff

Jill McAloon
Acting 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 9:38 a.m.

II. ROLL CALL

Present

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

Absent

Edward Rendon

Executive Staff Present

Jill McAloon, Acting Executive Director
Maureen Reilly, General Counsel

III. AGENDA

Chairman Broad asked for a motion to approve the Agenda.

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

Motion carried, 6 – 0.

IV. MINUTES

Mr. Broad pointed out a correction to the prior month's minutes. Leslie McBride, Panel member representing GO-Biz, was in attendance at the June 27 meeting and was inadvertently not included under the roll call of the prior month's minutes. The permanent record will be corrected.

ACTION: Ms. McBride moved and Ms. Roberts seconded the motion that the Panel approve the Minutes from the June 27, 2014 meeting, with the roll call correction.

Motion carried, 6 – 0.

V. REPORT OF THE ACTING EXECUTIVE DIRECTOR

Jill McAloon, Acting Executive Director, said today we have our standard mix of single and multiple employer projects. All of our regional office managers are here today to present projects. Joining us for the first time is Willie Atkinson, the new Manager of the Sacramento Regional Field Office. Today we have a full agenda; we have a mega packet of \$16M which includes an amendment action to collectively restore funding of several projects that were reduced by 30% at the April Panel meeting, due to lack of funds for Fiscal Year (FY) 2013-14.

Regarding the budget, the Panel actually has \$64.7M in contracting capacity this FY. Due to the high demand, the Panel committed \$21.5M of those funds at its April and June meetings. Today, the Panel is about to approve another \$16M and in August the Panel will consider approximately \$11M more in projects. After August, this will leave us \$16.5M for the remainder of the FY. To be clear, this isn't a funding shortfall. Our Panel's contracting capacity of \$64M for the FY is substantial and we are going to spend every penny of it. It's just that the bulk of those projects are being approved early in the FY due to the demand, and we have unprecedented demand right now. We have approximately \$87M in core funding demand, sitting right now in our offices. That includes a huge flood of pre-applications that we received this month. Since we announced that we were going to close the application process at the last Panel meeting, we received 260 pre-applications. To put that into perspective for you, we have 410 projects total (including pre-applications), in various stages of development. We annually only fund about 220 projects; so we have more funding demand than we could possibly meet. The question is how do we allocate the funds? How can we possibly meet the demand of \$87M with only \$60.5M? We can't; we simply can't fund all of the projects and this is the hard issue that is before the Panel. They are going to have to decide at the August Panel meeting, how to allocate those funds.

In the interim, staff is going to be assessing the huge volume of projects and we are going to bring recommendations to the Panel in August. Staff will publish those recommendations with the Panel packet on the website. When we make those recommendations, we are going to take into consideration Panel priorities such as small business, Critical Proposals, and Job Creation. We will also be considering the difficulties of managing that huge volume of projects and a procedure for bringing projects to the Panel. The \$16.5M could technically come to one Panel meeting, however; the proposals of \$100,000 or less including small business of \$50,000 or less could come on a flow basis via the delegation order which was established to take effect in months without Panel meetings. That is one option that we will be looking at.

This raises the question of when is the Panel going to meet next. There are two factors that we have to consider. The first is that staff needs time to assess those 410 projects against the criteria established by the Panel in August. The second item is the deadline for submitting applications for a Panel meeting are about two months prior to a Panel meeting.

So, for example, applications have to be finalized in mid-September in order to get to a November meeting or in mid-October to make a December meeting. So, with this in mind, staff is scheduling the next Panel meeting for December 12, which is the same date that we already had scheduled for the Panel. This will give staff enough time to assess all the proposals and develop some of the proposals against the criteria the Panel establishes in August. I'm also going to direct staff to start developing small business projects because we can't wait until August for the Panel to make a decision to actually start working these proposals, or we won't be able to bring any core projects to the December Panel.

Regarding alternative funding, we have \$3M available this FY through the Alternative & Renewable Fuel and Vehicle Technology Program through a partnership with the California Energy Commission. We also have \$2M in General Funds to serve workers and employers impacted by the drought under the Panel's RESPOND Pilot. The Employment Training Fund has \$63.1M. Other ETF appropriations include the Tax Collections Branch at \$5.5M; and Fi\$cal at \$42,000, which is the business project for state government in the areas of budgeting, accounting, procurement and cash management. Therefore, our ETP appropriation to the Panel was actually \$57.5M. Disencumbered funds reinvested is \$3M, which is the cash balances from the closed and terminated projects in prior contracts that are subsequently disencumbered and invested in this FY. Funds committed to date amount to \$21.5M. The projects brought to Panel this month equals \$16M. If everything were approved at this Panel meeting, we would have \$27.2M in remaining contracting capacity for the FY 2014-15.

Ms. McAloon said staff posted the final Rapid Employment Strategies Pilot on Natural Disasters (RESPOND) guidelines on our website. It includes a list of 24 counties that are eligible for General Funds. The drought subcommittee recommendations are also posted. We developed an Interagency Agreement (IA) with the California Community Colleges Chancellor's Office to be approved by their Board of Governors on September 8, 2014. That agreement is for \$1M over a two-year period. The funds will provide training to workers in San Joaquin and the Tulare Lake Basin area which promotes job retention and leads to employment. The scope of work of agreement was developed using the drought subcommittee's recommendations. Until the Agreement is approved, the colleges are moving forward to begin the project, using their own funds.

Regarding Legislation, AB 1797 was signed by the Governor and that paves the way towards apprenticeship in the healthcare sector. In an effort to expand job training and employment for allied health professions, the Legislature requires that the California Workforce Investment Board (CWIB) in consultation with the Division of Apprenticeship Standards (DAS) establish standards for an earn-and-learn job training program that are outcome-oriented and accountable. The standards will measure results from program participation, including how many complete the program with an industry recognized credential that certifies individuals ready to enter an allied health profession. The CWIB and the DAS will develop means to identify, assess and prepare a pool of qualified candidates seeking to enter this earn-and-learn job training model and they will report to the Legislature in December 2015 with their recommendations.

VI. MOTION TO ADOPT CONSENT CALENDAR PROJECTS

Ms. Roberts recused herself from participation/discussion of the Consent Calendar.

Ms. McAloon asked for a motion to adopt Consent Calendar Items #1 through #44.

360 DG OCLA, LLC dba 360 Destination Group	\$30,976
APHRB LLC dba AmCheck	\$8,250
Alpha Mechanical, Inc.	\$99,736
Alyn Industries, Inc. dba Electronic Source Company	23,400
ATK Audiotek.....	\$49,010
Ben Clymer’s The Body Shop, Inc.	\$49,720
Bottling Group, LLC dba Pepsi Beverages Company	\$163,134
CalRAM	\$9,620
Clarkwestern Dietrich Building Systems LLC.....	\$82,800
CORE Business Interiors.....	\$15,626
Evy of California, Inc.	\$182,840
Fusco Engineering, Inc.	\$89,580
Genmark Automation.....	\$99,048
Harold Johnson Optical Laboratories, Inc.	\$15,808
HealthCare Partners, LLC	\$73,320
K&R Network Solutions, Inc.	\$45,760
Laboratory Data Consultants, Inc.	\$49,036
Louroe Electronics, Inc.	\$37,700
Mavenlink, Inc.	\$168,480
Mettle, Inc. dba Verve Networks.....	\$18,720
Microdyne Plastics, Inc.	\$40,950
Moore Benefits, Inc.	\$3,520
Mountz, Inc.	\$15,600
MSJ Healthcare LLC dba Grandcare Home Health Services	\$99,424
Naprotek, Inc.	\$23,712
Norman Industrial Materials, Inc. dba Industrial Metal Supply Company.....	\$94,600
Omicare Esc, LLC	\$188,100
Peterson Brothers Construction, Inc. dba PBC Companies, Inc.	\$82,400
PRL Glass Systems, Inc.	\$189,312
Seersoft, Inc. dba California Rehabilitation Specialists.....	\$99,110
Sonoma Pins Etc. Corporation dba Sonoma Promotional Solutions	\$16,848
Sundt Construction, Inc.	\$199,368
Taylor Walk, Inc. dba Pacific Office Interiors	\$49,374
TestAmerica Laboratories, Inc.	\$58,680
The Conrad Corporation dba Conquest Imaging.....	\$55,328
The Pension Group, Inc. dba United Retirement Plan Consultants, Inc.	\$32,340
Total Transportation & Distribution, Inc.	\$99,580
Triage Partners CA, LLC	\$61,880
Tri-Phase, Inc. dba Valley Services Electronics	\$24,960
Turbine Engine Components Technologies Corporation	\$117,600
United Agencies Burbank Insurance Services, LLC	\$27,588
VCA Consultants, Inc.	\$83,278
W. Banks Moore, Inc.	\$37,440
Wellex Corporation	\$98,760

ACTION: Ms. McBride moved and Ms. Bell seconded approval of Consent Calendar Items #1 through #44.

Motion carried, 5 – 0 – 1 (Ms. Roberts recused)

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

Ms. McAloon asked for a motion to delegate in event of loss of quorum.

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

Motion carried, 6 – 0.

Mr. Broad said in regards to the current funding situation, we have enough money for one more meeting between now and next July 1, 2015. At that July meeting, there is enough pending demand to use for the entire year. I understand what went on with the new computer implementation, so everyone submitted pre-applications, so there is now large pent-up demand. That is what we have in front of us, that is not sustainable, and that is not going to happen.

At the next meeting in August we will decide what our funding priorities will be with the remaining funds for this FY. We will also probably think about what to do with the \$89M request for the next FY, or we will have six months to think about it, but we will talk about what the plan is at the next meeting. At this meeting, however; I'm prepared to take some immediate action with regard to this Panel packet. Some of you will not like it, and I don't know whether the rest of the Panel will agree, but this is what I propose to do.

When we had our discussion with the apprenticeship folks, one of the issues that arose is that they were understandably, as everyone else was, resubmitting new proposals way before their current proposals were completed. We talked to them about that and they modified their behavior in that direction, and we appreciated that very much. However, those of you with MECs did not get the message. In looking at today's Panel packet, there are six MECs requesting funds from six to nine months in advance. So the motion I am making today, is to remove the following six MEC proposals, for consideration today from the Agenda:

Tab #58 Glendale Community College Professional Development Center

Tab #59 Kern Community College District

Tab #60 Riviera, Inc. dba The Enterprise U

Tab #62 Studio Arts, Ltd.

Tab #63 Westech College

Tab #64 Riverside Community College District, Office of Economic Development

Also, until further notice, no MEC can reapply for funding sooner than three months before the end of their existing contract. Under the motion you could resubmit them, or have them heard when you are within three months, but that won't be until next year given our current funding situation. So that would be the motion, I would ask for a second, and then for

discussion. I am prepared to take public testimony on it, because those of you that are here are probably very upset and want to tell us why we shouldn't do it.

ACTION: Mr. Broad moved and Ms. Roberts seconded the motion to remove six MEC Proposals, Tab #58 Glendale Community College Professional Development Center; Tab #59 Kern Community College District; Tab #60 Riviera, Inc. dba The Enterprise U; Tab #62 Studio Arts, Ltd.; Tab #63 Westech College; and Tab #64 Riverside Community College District, from the Agenda. Until further notice, no MEC can reapply for funding no sooner than three months before the end of their existing contract.

Motion carried, 6 – 0.

Mr. Broad said why don't we take public testimony on this issue and then we will have discussion of Panel members.

Kim Holland, Director of the Professional Development Center at Glendale Community College

Ms. Holland said we have a MEC project on the Agenda today. What I think that is not clear to everyone, is that for our current contract, we have 228 employers participating in our contract and 177 are small employers. Mr. Broad asked how many of them are repeat employers. Ms. Holland said they have over 100 new employers just in this current agreement. Mr. Broad said so 128 are repeat employers and 100 are new. Ms. Holland said let me explain what I mean by a "repeat employer". It may have sent one trainee to training, and it doesn't mean that they have sent their whole workforce to us. Mr. Broad said you can't wait until it is three months before the end of the contract, why does it have to be a year? Ms. Holland said we planned for this because In January, you told Los Angeles Community College District to "go tell all your friends and neighbors about ETP". That's when we went out and marketed with the LA EDC, the WIB, our Valley Economic Alliance and many different entities.

We serve a purpose and I'm not sure it is understood. If you remove all of the MECs, you will have a program that serves 220 employers instead of 2,000 like you have right now; that is a huge difference. Mr. Broad said your point is well taken. We sent mixed messages and we were wrong as it turns out. Many things changed: the level of demand and the level of earnings increased; and the success rate of our contractors also increased, which we discussed at the last Panel meeting. These MECs and you in particular, perform very well; you've come to us every year. Ms. Holland said yes, for 30 years. Mr. Broad said we are appreciative; we know ETP is part of your most basic funding; we understand that. However we have a problem in which these six MECs, just today, will take 33% of our remaining funds. That is just not sustainable, I'm sorry, and I have to do something about it. I can understand you being very upset. When we had this discussion with the apprenticeship program, they were pretty upset. It is not a reflection of how good you are at what you do or how valuable it is. It is a reflection of the dire situation that we are in financially. There are many employers, but you are one contractor. There are also many small contractors that will be unable to get contracts. We have to try to create some balance and I think we are in a bit of an emergency situation; and as a result, that is what I'm proposing.

Ms. Holland said it was last month, I think many of us came in at the cap of \$1.5M. Last month, we were the ones that got cut for this Panel meeting. So, to tell us we are off the Agenda and we get nothing, that is pretty harsh on the MECs at this point when we have been marketing and doing all kinds of things to get ready. It takes us four months to even prepare an ETP contract because we need to have over 100 certification statements completed with assessments, company meetings, and so forth. So there is a lot of planning in this process and when you look at 228 employers, they are each getting about \$5,000; that is what it is translating to in our current contract. So, could you imagine having 228 more small business contracts on the Consent Calendar? It wouldn't be feasible, and I would imagine administratively it would be very difficult to handle. So we certainly do serve the need out there and this idea that we keep coming back to you, and you are our major funding source, and we are making money; that is not correct.

Mr. Broad said I'm not suggesting that you are making money and I think you are great people, which is not the point. The point is you are back 11 months before your current contract expires. We don't have single-employers that come back that far in advance before their contracts expire.

This means you are getting funded twice in a year; it's too much and you just have to wait. We may have to come up with something in a larger sense, a policy change where we say you can only come back once a year. This issue of back-to-back contracts is creeping up. The MECs amount to \$5M in this Panel packet alone, with only \$15M remaining after this meeting. He said it is a substantial amount of money and I realize we already cut these MECs in half. If we hadn't done that, it would have been \$10M in this Packet alone, and then we would have been in the same place anyway. All I can say is I'm sorry; but I can't see another way to deal with this, to fairly allocate these funds given what we have left, when it's now July and the FY ends next June 30. You realize we are emptying out our entire fund at the beginning of the FY. I think we can't defend that and we have to figure out a way to do this better. When I was considering this, I looked at past crises of these sorts, and there were years where we only had \$5M or \$6M to hand out in total, and that was our fall appropriation. We got through that, and we are going to have to get through \$15M remaining and if this motion passes, \$20M remaining.

Ms. Roberts said and we've had good years too where we have increased caps. Mr. Broad said I'm not sure we ever had a bad year; we just have an incredible amount of demand. Ms. Holland said and that's a good thing. Mr. Broad said as unemployment goes down, our fund should go up. I appreciate what you are saying, I don't disagree with a lot of what you are saying, but unfortunately while it looks like we are up here 99% of the time to rubber stamp what the staff suggests, 1% of the time we have to make very hard decisions. Mr. Rodriguez said I lean to support the Chair's motion. He said since 2007, Glendale Community College will have received over \$2M, if this project was approved today. You obviously have great expertise and you have performed outstandingly. I'm somewhat curious, in your planning as you talk to employers about as you bring these programs together for their employees, don't you give them a caveat: if the money is not available, certain services cannot be delivered. Ms. Holland said in the 30-year history of Glendale College, and I have been with Glendale for 27 years, this has never happened. She said there was a time that the Panel was asking MECs to take more money because you knew you could rely on us with so many different employers, and that we would be able to fulfill that need. That is what I'm having the most

difficult time with today; we are in this current contract, we are reaching 228 employers, which is a lot of people. Imagine if all of these people came forward to you with an individual contract. We are really doing part of the mission of ETP of serving small businesses. Mr. Rodriguez said we are not questioning the mission.

Mr. Rodriguez said as I look at Glendale's past history of funding, I know that you engage in a contractual relationship with employers, but you not only rely on one stream of funds, correct? Ms. Holland said no, absolutely not. Glendale College's Workforce Development team is a very active group and we sit on several boards of the WIB, the LAEDC and the Valley Economic Alliance. Mr. Rodriguez said the likelihood that employers that are already under a contractual relationship with you, will turn around and walk away from your training, is probably very low. Ms. Holland said are you asking if they will walk away if they don't get assistance with ETP funds. Of course they will; they can't afford to do the training otherwise. Mr. Rodriguez said so you are saying they would just walk away and wouldn't wait until they had an opportunity for the funding to appear. Ms. Holland said they may find another avenue, but I don't know what that would be. We have gone to companies, done assessments, planned training curriculums and so forth with this project. I realize you say you can't spend the training money in advance, we don't. We haven't started any training under this. There are going to be several employers that are going to suffer from this decision and the fact that once again last month we were cut and we accepted that, and then to come here today and hear this, it is quite a blow for us. I think if you were to look at the MECs that you are removing from the Agenda today, and collectively, how many employers this will affect, that is a great number of employers. So, I'm asking you to please reconsider it for this month, because we are all in attendance and have already reduced our contracts by half, and complied with what you had asked us to do. From this point forward what I'd like to suggest, maybe during the dark months, is to have some roundtable discussions about how this is going to play out in the next few years. Like you said, this is not only a one-year issue, it will be happening in the next few years. We are seeing more and more employers that want training, the economy is picking up. Manufacturing right now is booming, and 98% of our employers are in that industry.

Mr. Broad said that is a good point and I think we should do that, which was something we had discussed with staff along those lines during our dark months, to get together and hear from people about how to deal with this in the future. Nonetheless, we are suggesting that the MEC proposals be heard three months before the end of their current contract, and no sooner than that. If for some reason there is no money left three months before the end of contract, then you can return and ask for the money. Thank you.

Steve Duscha, Consultant

Mr. Duscha said there is a misunderstanding I think, of why contractors are coming back. They are coming back because the money in their contracts is gone. It's not that they have money to last through the full two years of the contracts. It's that they have started or completed training and that will use up all the money. That is why they are coming back sooner than the two-year contract term. That is a fact. So the question of when the term ends is not relevant to this debate. If the debate is about saving money, that is another issue. But it should not be about when the contracts end because Westech, my client here today, has started all the training that can be funded under the active contract. There is demand for this training, as Ms. Holland said. The point that she made is that you will shut down these

MECs. That is what the motion would do; the motion would shut down all of these MECs for at least a year until we figure out what the climate is going to be next FY. You are going to shut them down because these contracts are out of money and that's why they are here.

The other thing that you really need to consider is that Ms. McAloon suggested that one of the priorities of the Panel with its remaining money is small business. If your priority is small business, you need to support the MECs. The last Annual Report that you published shows that ETP served 2,000 businesses in FY 2012-13, I believe. Some 90% of those businesses were served by MECs. Also, 90% of the small businesses that you serve are served by MECs. The single-employer small business contracts are a nice thing to do but that's not how you serve small business. If you shut these MECs down, and that is what this motion will do, you will shut them down for a year and you will not train small business.

Mr. Broad said I'm perfectly willing to entertain a discussion next month of how to allocate the remaining \$20M, including these MECs within three months of the end of the contract. So if you've got your client, Westech, they are seven months away from completing it, which means in four months they would be able to come back. Mr. Duscha said, but there's no money. Mr. Broad said we have to make a decision about how to allocate that money and obviously we are going to be rationing. Mr. Duscha said I understand that. Mr. Broad said which means we are going to have to figure out by some sort of categories how to do this. I'm not suggesting that they can't do it, I'm just saying at the present time this is what we're going to do.

Mr. Duscha said but if ETP is concerned about small business, you should not be starting out going after MECs. I understand that there is lots of money going out, but the money is going to things such as small business, single employer. The tenor of this, I have to say, is anti-MEC which is a real mistake because you will change the tenor of this program. Mr. Broad I really don't want it to be seen as anti-MEC, I can see how you'd feel that way. We have approved them and we will continue to approve them. Between now and next month, certainly we will be undertaking to anybody's suggestion as to how we should ration our remaining \$20M, and we will have that before us next month and will discuss it. So it will be incumbent upon people like you that have MECs, and single employers and small employers and apprenticeship programs, to come and tell us how you would like to divide it between your various clients, and I'd be happy to entertain that. Mr. Duscha said that is reasonable. Mr. Broad said yes, it is reasonable but today I'm not in favor of handing \$5M out to entities that have lots of time on their existing contract. Mr. Duscha said they don't, that's the point; they don't have time to just sit around and do nothing. Mr. Broad said but they are still training. Mr. Duscha said no they are not, it's over; the training is over because it runs fast and there is demand for all this, the training is not going on. Mr. Broad asked have all the people, is it fully over and everybody is placed in a job? Mr. Duscha said no, they are not placed for Westech, and Ms. Holland can speak to Glendale.

Mr. Duscha said with Westech, training ends this month. Right now, it's over, and everyone is in retention. If you have to wait until retention is over that is three months from now. The marketing system that these MECs have created, and the plans they are ready to let loose with tomorrow if they get funded, is to schedule more classes and to take care of the employers who have signed up and are ready to go. Without that, a new contract just stops. The whole process stops; and it's a long process to schedule training, get training completed,

and get the retention done. These are people coming in with only retention to finish up, that is why they are coming in now. I understand that some people take advantage of coming back again and again and again. You need to set some firm rules on when that can be done, and that has been an issue that has confronted ETP since the beginning. Mr. Broad said it becomes acute in moments like this. Mr. Duscha said yes, absolutely. Mr. Broad said well, that's essentially what we are doing. Mr. Duscha said maybe an alternative to this is to put everything off until next month or September, when we can have a rational discussion about the whole issue of how to spend the money; I don't know what the answer is. Mr. Duscha said I don't think there is anyone in this room that knows what to do, so let's take some time to figure it out instead of singling out one group. Mr. Broad said thank you.

Eric Huelsman, Studio Arts

Mr. Huelsman said this could not have happened at a worse time for a person that owns a company that does this for a living, and I don't think that it's a good idea for anyone to do this for a living. Unfortunately, it's where I'm at right now, and it's where my company is and we were one of the MEC proposals cut today. We are the only MEC that I know about, that is doing considerable training for an industry that is already completely devastated in CA. I think with the exception of AB 1839, which was the only real sunshine we've had lately if you want to call it that, this is just another blow. It's not just to my company, it's not to my school, it's to the people that we are serving. We have well over 100 employers and many of them are new beginning on this contract and the training starts very soon. Just so you know the reason why we went for the amendment that we did, is because we had already trained to our capacity on the existing contract. So the amendment was needed and we are graciously thankful to you for approving the amendment to restore what was cut-off at the end of the last Panel meeting.

The problem for us in the entertainment industry right now, is that we are assaulted from every single side that you can imagine. It's not just from within; it's from the outside, in Vancouver, Toronto, London, Taiwan and other places that are taking our business away from us. Listen, I applaud you for reviewing the fiscal issue. This is something that I would do in my own company and say I'm sorry, I have to be the fiscal manager and this is the way things are. But in this case it's not just affecting us and the people that work in the entertainment industry, it's affecting our state, and I think that this is not very good in terms of planning. I know this came on suddenly, but to abruptly make this decision in the particular case of a MEC dealing with the entertainment industry is unmanageable on my end; I'm the only one doing it. Mr. Broad said that's a good point; let me say from my own personal experience, I happen to represent the Studio Teamsters and SAG-AFTRA. I am working on the Hollywood tax credit and have been working on it for 25 years, so I understand this issue very well. We do however, here at ETP, fund the movie industry quite lavishly. We have a history of it. Maybe with the exception of Glendale Community College, AT&T and NUMMI, you have received a lot of funding and I think we can defend it. I understand the pain that you have and as I said to Mr. Duscha, you can come back within three months. If there is money within three months, then that gives you time before retention, if that's when retention starts. That is when you can ask for your money, which seems to me to be reasonable, that you get it three months in advance and then you start again. It doesn't seem unreasonable, I'm sorry it is affecting current contracts, but we will have a discussion next month of how to do this and the Panel is open to suggestions. He said your suggestion might be that we should prioritize this by industry sector and the television industry should be at the top of the

list and maybe the Panel will agree with that and maybe it won't, because somebody else will say Biotech is at the top of the list and somebody else will say that general manufacturing isn't. But how we cut this up, I have no fixed opinion on. So should we do it by highest paid jobs? Maybe; it has occurred to me, there are a lot of ways to slice and dice \$20M when you have \$120M in requests.

Mr. Huelsman said what would be wrong with us having a summit or meeting prior to the August meeting. Where the MECs affected by this particular motion, could meet with staff or the Panel, and talk about this. It's not ignorance at all, I think you would be unaware because you are not affected by it the same way we are. The problem with these MECs coming in before their active contracts are finished is because the contract terms have an overlap. As Mr. Duscha just mentioned, you have a 3-month marketing period, a 3-month training period and a 3-month retention period. That's 9 months, and it's why you see us 9 months ahead of time. In order for me to sustain my school, my company, I have to do business that way. I would appreciate that you entertain the idea of maybe allocations for a much reduced amount, which would allow us to sustain ourselves. Otherwise, I have to lay off my staff and maybe go out of business, and I don't think you want that happening. We are the only one doing this training for priority industry in CA.

Ms. Roberts asked if there is other means of training funds available, such as through the local workforces such as WIA. Mr. Huelsman said I do WIA training and they are for unemployed entertainment workers, but that is the risk we run. WIA is funded just like ETP, you can't run over to the Verdugo WIB in Glendale and say by the way, I could use another \$750,000 in training; they don't have it. Ms. Roberts said we don't either so that is why I'm just telling you there are many other funding streams out there to supplement your business. Mr. Huelsman said I understand and we do pursue that, but I'm trying to say the majority of our training is ETP because we are working with employers; WIA works with individuals. They are devastated in the most unimaginable way because their jobs have left the state and we are trying to train up people here so we can remain competitive with the rest of the world. Ms. Roberts said the local workforces do fund employers, not only individuals. Mr. Huelsman said then I am certainly going to pursue it after today. Ms. Roberts said I'm just saying there are other funding streams to consider. Mr. Huelsman said but the issue for me, in the most succinct way I can put this is, please hear this proposal today because we already have our quarter rolling next week. The intent was to use the funding, whatever amount we received today. I've got to lay off my staff because that is one-half to two-thirds every classroom and its constituency is of ETP trainees. Now I don't have enough to pay the teachers or for the software.

Mr. Rodriguez said I'm confused; I've been in government for over 20 years and involved in several organizations that provide contracts and grants to the private sector. Hypothetically speaking, what if your contract was not approved? Mr. Huelsman said it would be devastating of course. Mr. Rodriguez said there is a contradiction here; I'm trying to blend what you and Mr. Duscha have been saying. I've heard how we have spent the money, or you will shut down, I'm really concentrating and trying to understand why. First of all, if you spent the money in advance, has that been verified by ETP staff and is that documented? If you were to shut down because this ETP contract is not approved, what does that say in terms of business practice? As you know Mr. Huelsman, this is a competitive process and not an entitlement. Mr. Huelsman said it is understood and we started on this particular

contract more than six months ago. Like the two previous speakers have said, the planning on this goes on well ahead of any approval. The contingency plan about 5 to 6 years ago, when we had no ETP money, was to use WIA and other sources to fund ourselves; but I also laid off a great deal of my staff, and we barely survived it. This is a very similar situation, except the difference is that we came here fully expecting funds even though we would have to make some manageable changes. But a manageable change that we can sustain different from completely being cut-off from our current quarter, is coming up this Monday. I don't know what to do about that. I'm just airing my concerns but also my personal hurt here if you will, because I think that there would be a way that we could have been told in advance, at least 60 days sooner; so that I don't have companies signed up ready to bring new people in, and now I have no funds to train them. That is a very important thing and it's very hurtful for me because I have to go to my staff on Monday and tell them I'm sorry, you can't work this summer, and here's why.

Mr. Broad said alright, I'll tell you what I'm going to do. I'm going to cut this short; who else wants to testify? What I'm going to do is remove these six MEC proposals off the agenda and put them over to next month and have a discussion in the meantime and then figure out how they get heard. So I'm amending my own motion, so that will give everyone an opportunity. Who else wants to testify?

Barry Maleki, Westech College

Our situation is that our last training session ended yesterday, so we have everybody basically in retention and are pretty much done with training. As a matter fact, we have over-enrolled a bit, and usually we do that because we need a cushion in case some people don't make it. We are out of funds and already have over 60 to 65 individuals who have already sent in their registration forms, but they know we have to get approval for funding first. Mr. Broad asked what percentage of your gross income per year comes from ETP. Mr. Maleki said about 10% to 12%. Mr. Broad said that is not much of an argument for a dire crisis. Mr. Maleki said no, I'm not making a dire crisis, but that's a program to itself; we are serving a community. And then we opened up another side in Los Angeles because we were encouraged to do that and we are getting many people from Los Angeles that need our type of training in construction, architectural and manufacturing, computer-aided designed drafting program. I just read in the LA Times today that technical jobs in CA, including architectural engineering, has doubled in growth compared to the rest of the job growth. So we do have a lot of people out there that need this kind of training in order to keep their jobs and grow; this is where we are at. Construction is picking up, architectural companies are picking up and they are hiring and want to get their people trained. So we are definitely serving an industry that is in demand of high-tech training. Without that, they are not going to be able to compete as well, if they had this training. So, it's not really all about money, it's basically our responsibility toward the community we are serving, so I have to speak on their behalf too. As speaking on my own behalf, we are all intertwined in working together, but this is my case. I hope you can consider a better term for us so we can move forward. We have to pay rent, and we are not going to let certain employees go because we can't. Once you let someone go and you want to bring in someone new, you have to retrain them, which is costly and time consuming. Mr. Broad said thank you.

Ms. Fernandez said to the Chair, I would really like to take a hard look and see if maybe it would be feasible to have one application each FY, to level it where there is more

opportunity; I think that is something we should really look at. Mr. Broad said I think what I'm feeling now is that given we have \$20M left, and after this motion to remove these MECs off calendar and put them over to the next meeting, that perhaps we will have some meetings with the public and have a staff recommendation. Maybe we need to have the August meeting dedicated to this discussion only, there are many options obviously, and then actually start spending that \$20M after August. I want to get some input from staff about how to do that, but that may be something we have to do. This is not a sustainable situation fiscally, and we have to try to do this in a way where the pain is distributed fairly but nobody who ever puts in pain thinks it's fair, but that is why we are up here. Ms. Fernandez said yes, exactly. Mr. Broad said that is why we have to make hard decisions sometimes. He said that will preserve \$20M in spending for this FY and we can then figure out how to allocate it, including the motion you are talking about, some that might be temporary and some that might be more permanent.

Dave Teasdale, Director of Economic & Workforce Development, Kern Community College District

I appreciate you amending the motion regarding MECs. I wanted to propose, since we are talking about rationing training funds available, that really all of the proposals should be retained because MECs represent businesses who have chosen a different delivery vehicle for ETP, but are every bit as entitled to ETP funding as the single-employer contracts. There is also a fiduciary duty, we save a tremendous administrative costs for the Panel in handling the administration for those employers, and I think those employers need to have an opportunity to have their projects heard. What happens is they get swept up and we become a MEC and it becomes Kern Community College District. It doesn't become Grimmway Farms, just this year because we were able to bring the Panel funding to them, were able to institute a training program. They were having trouble keeping industrial maintenance mechanics employed. So now they develop them internally. They get promoted from \$11 per hour to \$21 to \$23 per hour, creating new entry-level jobs in the town of Arvin which has about 32% unemployment. You need to hear each of those individual employer stories to make your priorities; you get to hear it with the single employers. Ours get all swept up and you don't get to hear what those employers are doing. If you are looking at priorities, with Grimmway for example, I think that is one that you want to continue with. Think about Grimmway when you look at the priorities. Is it the highest paid people? Is it incumbent worker training that is scaling up to a true living wage, and creating new entry-level jobs below? Just because those employers are in a MEC contract doesn't mean that they don't have a valid right to these training dollars. That is where my passion is, because I get to go out and see the impact that your funds have on individuals' lives. I have a job if this money goes away; my division won't go away without it. But this very laser focused custom training for employers, improves their businesses and the lives of their employees. That type of training goes away without ETP funding; so that is my big issue.

With the 90-day retention period, we can't start anyone in training another three months before. So for instance, we are here six months early, we are fully allocated and we can't start anybody else in training; everybody is in the classroom. Training ends October 7 and retention ends in January, that is the six months. I can't offer any ETP funds to any additional clients now because everybody else is allocated in training, so that is why we are here six months ahead. You have a 90-day retention period; it probably needs to be a little bit more

than 90-days to reflect that people are in training and there are no more funds to offer to clients. Thank you very much for your time.

Ms. Roberts said thank you. I've been on the Panel for seven years, and I don't think we've ever pushed back on that. The only time we've ever done that, is when we've swept it across the whole thing with reducing everyone. The single-employer contracts have gone through high-earner, substantial contribution. We never do that, unless there is over \$250,000 in MECs. So those single-employers come before the Panel and we give them a rash of questions, considerations, qualifications, and we don't do that with MECs. So you come before the Panel and normally we are just approving, we never push back on MECs. We know your value, how much you do and contribute, and how well you perform; that is never the question. The question is about optics. We are looking at this and seeing \$500,000, \$750,000, year-after-year, concurrent contracts; we don't see that on single-employer contracts. So, it's really an optic thing that I am seeing here in the Panel packets. As Ms. Fernandez said, we could do it once a year or maybe you could get it all done in one year and maybe the optics won't look as I am seeing it now. If you want to have one of your employers come before the Panel and tell us their good story, we would love to hear it, but again they would be subject to the possibility of being put on the spot by the Panel.

Mr. Teasdale said right; and as Glendale College stated earlier, because there is nothing that precludes all of those employers in these MEC contracts putting forth individual single-employer contracts, that we have the expertise to be able to help them with. Is that going to be the best use of funds to have maybe another 75 applications come forward? Mr. Broad said it is a cash flow problem, same as when all of the community colleges had to cut their budgets during the recession. Would it have been a smart idea for the colleges to say we will blow all of the funds and we will only have one semester? We will cancel the next semester, just do fall semester? We won't do winter and summer school, and only be open for three months? That might not be the best approach. The best approach frequently, is to try to move the money out gradually and spread it out. Obviously, if we take a vote of everyone in this room, as to whether we should hand out all the money now, everyone would say yes. That is what Mr. Duscha told me at the last meeting, to spend it all. That works for all the people at the meeting, but it is for everyone else that is not in the room, that does not have the option to speak. They would probably say hold on, save some funding for me. That is the problem; what we have is a classic cash flow problem. We have gone from a sort of "rags-to-riches" and back again problem.

Some of that is our own fault; we have the new computer implementation and it is making everyone nervous, I understand and we are trying to figure out how to allocate fairly. I think your point is well taken; maybe it is getting ahead to limit the MEC overlap to three months, and make a decision today like this, which is a policy decision. I think it is fairer to remove the MEC proposals and the world will not come apart if you wait a month and have this discussion, with the understanding that something is going to happen with the limited amount of funding. It may happen in other areas as well because we only have \$20M to spend in eleven months. Frankly, I wouldn't like to be in a situation of only holding one more meeting and not seeing each other again until the second half of next year. This does not feel very responsible to me. That is what I am proposing, and I hope it passes.

Mr. Teasdale said my only suggestion is, you have a shortage and a rationing issue and that is for all of the dollars, not only MEC dollars. You mentioned that you need to set some priorities for the existing money and it seems like those priorities should apply to employers whether they have a single-employer contract or are in a MEC. The priorities should be the priorities, regardless of the delivery method.

Robert Grajeda, Riverside Community College District

Mr. Grajeda said I've been cut, or at least you are proposing a cut to my MEC proposal this month. I have to lodge my disappointment because in a sense we were encouraged to apply early, because first of all, our training has completed. The last date of training for my MEC is in mid-August, so there would not be a huge overlap in terms of time. But because of the back-up that we were told about by our monitors, we were encouraged to submit our proposals so there would be certain continuity. Mr. Broad asked, so what would you say would be a fair number of months? If three is too short, what is right? Assuming we have to set something right, because otherwise everyone will apply for their next contract five minutes after their training starts. Mr. Grajeda said well no, but you have to understand that first of all we were told that we were being cut by half of our demand and that demand is still going to be there when we return to our district. We accepted that and prepared for that shortfall in terms of the amount we submitted in this proposal. To hear about it at the last moment, and then to tell me that because we followed the instructions of the monitors to submit the proposals in such a fashion that they would be looked at with a certain amount of alacrity if you will, then you basically slam us because in a sense, those MECs are the ones that you are cutting, and I don't understand the fairness of that at the last possible moment.

Mr. Broad asked if they have had one contract in the last five years. Mr. Grajeda said actually one with an amendment, yes. Mr. Broad said right, and others have had five, so maybe that is the cut you want to suggest? I'm just saying we are going to have to deal with the reductions somehow. Mr. Grajeda said I actually agree and accept that you are willing to postpone it a month. That seems like a reasonable solution to consider, but when you talk about fairness, it is not fair to say we are going to look at the MECs because they are easy targets. The criteria seems to be, when you first explained it, was because they submitted early. Mr. Broad said but they are creeping up earlier and earlier for obvious reasons.

Mr. Grajeda said well I have to say that it's a good thing that the demand is there. People are training for a long time since 2006 and when I first started doing this, it was difficult to sell training or to try to get training to the employers. They were hiding under the covers because it is tough when you don't have half of your workforce there, so you can't take anybody off the line to train, so the economy is back. At this point, we are trying to serve that demand and in a sense because we've only had one recently, we are doing well at it and now you are cutting us off. So hopefully there can be a resolution. We have a lot of employers that were very satisfied with the training they received in the first contract, so we were going to start in August, and now we are not going to be able to. So that is where we are at and we are really taking a blow here.

Mr. Rodriguez asked if he was looking for clarity of policy. Mr. Grajeda said I think so; it would be nice because again, this doesn't seem fair. I didn't mean to sound callous about "ETP targets", but what else would you call it? Mr. Rodriguez said, so if we work on clarity of policy, you will adjust? Mr. Grajeda said well, we will have to; thank you.

Michael Jester, Consultant with Strategic Business Solutions

Mr. Jester said he wished to comment on the fund status, as he wasn't here last month. What I'm hearing today and what I read in the minutes from the last meeting seem to be horses of a different color for some reason, to me at least; and maybe I'm wrong. But it seemed like a lot of time was spent last month talking about "we didn't encumber funds at the rate we should have", but today it is all about increased demand is why we don't have any money. It's a little bit of both, right? Mr. Broad said yes, absolutely. Mr. Jester said it absolutely is, and I'm not sure if 38% is enough because honestly, a year ago you specifically put forth the 70% performance mantra to us, to make that level of performance or we're going to cut you, or we're going to deny you, and that's the law. And we marched to those orders, and we did it. I think the fact that the Panel didn't monitor, or pay enough attention to what we were doing, is a bit of a disconnect between staff and Panel, and consultants and contractors. I think there is a little lack of trust and there needs to be a partnership built there. I absolutely believe, as one gentleman said earlier, that there should be summits in your dark months where people from all walks of ETP can come and talk: MECs, unions, apprenticeship programs, the Central Valley guy that writes small businesses and manufacturers. We don't get that opportunity and often we find out about things either at a Panel meeting, or when a monitor says "now we are not doing it that way anymore, that's not acceptable anymore". We truly need to have more communication and more partnership.

Mr. Broad said I think your point is very well taken. I also think if I could be self-critical about us, and I mean specifically the Panel and the senior staff of the Panel, we have been very reactive. In other words, something happens and then we sort of go running around the room and try to figure out what to do. We haven't been very good at predicting what we should do in advance, and if there's anything that you folks need, it's predictability. People can kind of live with the rules as long as they know what they are, and they don't like them changing mid-stream. Now, we are really reacting, because we have an actual cash flow financial situation that is quite dire. Objectively we have to do something; we are reacting to it and it is nothing that we predicted. Mr. Duscha made the comment last month that maybe there's not so much of a cash flow problem as there is everybody is just submitting their pre-applications early because of this computer issue. That, combined with other naturally increased demand because of the economy, created a perfect storm situation and we can't change the variables. We can't make computer implementation go any faster than it is going. Try as we might, it is what it is. And so the predictability elements of the program have become unstable for all of you and that's not fair.

Nonetheless, I think the only fair thing we can do is to collectively hear from you about how you would handle this if you were us, which we will take into consideration, and which we have always taken into consideration. We listen to you; we don't always agree but we do definitely listen to you and we take things into consideration, and we want to be reasonable and fair. With that said, I think you're right; we need to consider if there is a disconnect between our staff and the contractor community where there is some hostility or tension. More than the tension that naturally and appropriately is there between essentially the regulators and the regulated - you know that is an appropriate wall; that has to be there to keep honesty in Government. Beyond that, communication should be open and none of you should feel the slightest bit intimidated about dealing with our staff, nor should our staff be

intimidated by a contractor; nobody should feel that way. And certainly any of you, could call me on the phone any time you want to talk about anything. I'm happy to talk to any of you between Panel meetings.

Mr. Jester said your email is the closest guarded secret in ETP by the way; I can't get it. Mr. Broad said really? Mr. Jester said yes sir, I've asked for it. Mr. Broad said I'll give it to you, it's no problem; I thought everybody in the world had it. Ms. Roberts said we hand out business cards all the time that includes our email addresses. Mr. Jester said I'm just saying; I've asked. Mr. Broad said I'm happy for you to be able to email me, or call me for that matter. Your point is well taken and we will figure it out. I certainly welcome suggestions from all of you about how procedurally we should move forward after today, in terms of time frames. And then we'll get into the substance of it, perhaps at the Panel meeting next month, for a discussion of how to move forward. We'll see how it plays out.

Mr. Jester said my second point is in regards to the MECs. I don't think anybody is going after the MECs and I don't think that was appropriate language. I think the MECs have been very well treated. I am a single-employer consultant. I write primarily small businesses and I write mostly in the Central Valley. I'm hearing that MECs were reduced. Was it a million and a half before it became \$750,000? That's ludicrous to me especially, with the money ETP has left to spend. I came here today both barrels loaded after reading the Panel packet, and seeing that these contracts were being considered before their other ones came to fruition. I can tell you that in the single-employer world, if I came to field staff with my single-employer contract and said we are rolling along really good, we've got most of our training done, we don't have our final invoicing done and most of our people are in retention, but we are pretty much at 100%; and I'm putting in my pre-application; they'd say no; because I've tried it, it doesn't work. Planning goes into every contract and we all have lag periods, waiting periods, development periods and marketing periods and isn't just the MECs, and it doesn't separate them from us in any way.

I would say that when you are reading over these proposals, there is a tremendous amount of conjecture involved in what their completion rate is going to be. Now they may all end up being 100%, but the arguments on projected performance would never fly through the Sacramento Regional Office, I will guarantee that. I've been told this more than once: "Yes, I see that your tracking report says that you have 14,000 hours and that would equate to 100% of your contract. But if it isn't invoiced, it isn't processed". If wages aren't identified and verified, and retention periods aren't satisfied, it doesn't exist. That's probably a valid point, so I think there are two different worlds, and maybe the worlds need to become one. I don't mind fairness and I think all these MECs should get money; but do I think they should get \$750,000? No; not in the current funding circumstances. I've got manufacturer proposals piled up waiting in the Sacramento Field Office. They are all manufacturers and they are all in high-unemployment areas. Some of them are small business manufacturers in high unemployment areas and they are no less important.

Mr. Broad said in my history of about 15 years on the Panel, if our limit was \$5 million, they would be in here requesting \$5 million. If it was \$3 million, they would request \$3 million. When we were giving vast amounts of money out to single employers, those big single employers were in here for millions and millions of dollars. The capacity to receive money at the maximum rate we are willing to hand it out is unlimited. Mr. Broad said, I sort of ask

myself, why is it always at the maximum and how can that be? If I doubled it next month, I'm sure that they would be in for double, so there is a question there. Mr. Jester said yes, I'm saying they should all go down; all of them.

Mr. Broad said I appreciate your candor and MECs are a cat with different stripes if you will. We exist on trust, and it could be that many MECs invent the employer list; it could be speculative, and we know that. We used to try to make them really verify that those are actual employers, and then we realized there was no point in that. So that's different; obviously with a single employer. We know that the single-employer is the employer, and that the workers are the workers, and that if they work for that employer there is nothing speculative about it. So we live with a different set of standards. We just are in a difficult spot, and we have to allocate fairly. Thank you.

Mr. Jester said and going forward I know that you are trying to figure out where you are going to allocate the money. I've heard Critical Proposals only which just means "political footballs only" and I don't think that's a great idea. I think it should be spread out and spread across. At the June and July meeting, 71% of the money has been given to Los Angeles and San Diego. That is not because there is not a demand in Sacramento and San Francisco. I think Sacramento is a very efficient office, but it has had a lot of turnover; and maybe other field offices should come to Sacramento and help train new staff. But I will tell you that it's not because there is no demand, it's just that things go through quicker. Mr. Broad said we will just add geographical fairness to everything else. Mr. Jester said that would be my request, thank you so much.

Winnie Ho, Riviera Inc.

Ms. Ho said I am one of those six MECs and we all understand the need to ration. My issue is the timing. She asked if the Panel would be willing to consider a 50% reduction in those MEC proposals, instead of entirely cutting them. Mr. Broad said I think that would actually be more unfair, because I think we should consider what to do, not just make a decision to cut them by 50%. Ms. Ho said it could be voluntary; for me, I'd rather have a contract today with a 50% reduction then to wait with uncertainty. Ms. Broad said but you are nine months out. Ms. Ho said I completed all training at the end of May so I've utilized all of the funding, that is why I'd rather take a 50% cut and know I can start right away. I think I have shown performance, all the contractors here have met criteria that staff has set forth. We wouldn't be on the Agenda if we had not met certain thresholds in numbers to even be considered. Mr. Broad said mostly what we have is reported training hours; we don't have actual performance or invoices necessarily. Ms. Ho said a lot of us have submitted invoices but they haven't been approved yet because they are in process and in the queue, so it's a matter of the fiscal unit approving the invoices.

Mr. Broad said there is another point: we closed off to new MEC proposals a long time ago. This means that for many years those of you that are MECs have enjoyed a closed competitive market. That is another thing maybe we should consider.

Mr. Broad continued, and said I don't want to be rushed into a judgment. I think taking something off calendar for a month, is a relatively small inconvenience. Even if you finished your training really early, does that entitle you to come back as soon as you are done? Ms. Ho said with the previous guidelines, yes. It was always performance-based and

performance meant using up the funding. ETP is not a grant, it's a performance based contract. You must do the training, document it and submit to monitoring visits. If you show that, and you exhaust the training funds, you've earned the opportunity to come back for another contract or an amendment, to add more funding. So that was always the concept and it was not calendar-based, it was more performance-based.

Ms. Roberts said so you mentioned an opportunity to come back, but not a guarantee. Ms. Ho said yes, exactly; it was to earn the opportunity to come before the Panel and request more funding, because you've shown performance. So I think you are changing the focus now more to the calendar and the number of months. My monitor said if you utilized the funding, and you've documented it, that was performance and that was a good thing. It wasn't how many months are left in your contract necessarily. I feel that changing the focus on whether it is the number of months remaining on your contract, or performance, is sudden. I feel a little blindsided, like you are changing the rules a little bit. If you set new policies and guidelines, announce it first and we can play by those rules, we can live with it. Mr. Broad said well, I think that is what we are going to do. Ms. Roberts said we only see limited information in our Panel packet, we don't see the whole history. We only see the dates and the amounts; we don't see all the qualifications and everything that is submitted to staff. MECs continue to come back, it's great you are training, that is all we see. Ms. Ho said right, well do you think you will have a new policy by August Panel that will be announced and we will start September 1? Mr. Broad said thank you very much, I think we have exhausted this topic of discussion. He asked the Panel members if they had any discussion of the motion.

Ms. McBride asked if the Chair could restate the motion. Mr. Broad said the motion was to remove the six MEC proposals from the Agenda today for consideration, and reconsider them at the next Panel meeting, and they would be subject to the potential policy change we chose to make that affected them. There has been a motion and there is a second.

Ms. McBride asked if we are going to have a separate discussion before the next Panel meeting. Mr. Broad said prior to making a decision in considering these MEC proposals, we are going to have a policy discussion of what to do and if necessary, take policy votes. Ms. McBride thanked Mr. Broad for the clarification. Mr. Rodriguez asked if that needs to be part of the motion. Mr. Broad said no, it does not.

VIII. REVIEW AND ACTION ON PROPOSALS

Bottling Group, LLC dba Pepsi Beverages Company (presented out-of-order)

Ms. Roberts recused herself from participation/discussion of the Bottling Group, LLC dba Pepsi Beverages Company Proposal.

Willie Atkinson, Manager of the Sacramento Regional Office, presented a Proposal for Bottling Group, LLC dba Pepsi Beverages Company, (PBC), in the amount of \$446,976. PBC is a wholly-owned subsidiary of the international conglomerate PepsiCo. In February 2010, PepsiCo acquired five California bottling plants, which include facilities in Buena Park, Riverside, Fresno, Sacramento and Hayward. PBC's plants in Sacramento, Fresno and Hayward bottle market and distribute non-alcoholic beverages under the PepsiCo trademark

(various PepsiCo brands). The beverages include soft drinks, teas, juices and bottled water. PBC beverages are distributed to grocery stores, retail establishments and restaurants.

Mr. Atkinson introduced Steve Lawrence, Manufacturing Plant Director of the Sacramento Facility.

Mr. Broad asked how that is a proper way to have it right-sized, by adding all three previous contracts which were under-performed, together to get to \$750,000. I'm not impressed as PBC has had three prior contracts. The first had 69% performance, the second had 61% performance and the third had 40% performance. I'm not happy about the prior performance. I don't see how \$446,976 is right-sizing it and I would say half that amount would be right-sizing it. Mr. Atkinson said the way it was right-sized, is that there were two contracts. Hayward had their own ET contract and Sacramento and Fresno had an ET contract together. The way that staff determined the right-sized amount, was that they looked at the earned amount per facility. The way you determine it, is Job No. 1 is the Sacramento facility; Job No. 2 is the Hayward facility and Job. No. 3 is the Fresno facility, based on the earned amounts in the prior agreements. Mr. Broad asked about the Riverside and Buena Park facilities. Mr. Atkinson said the Riverside and Buena Park facilities are under a Proposal on today's Consent Calendar, Tab #7, for \$163,134. All five combined facilities, is under the multiple facility cap maximum of \$625,000. Mr. Broad said I'm not agreeable to this amount. He asked the representative why this Proposal should not be reduced by half and why they had such prior poor performance.

Mr. Lawrence said if you look at it by facility, it does break down quite differently. The one that really under-performed which I'm not here to represent, had 40% overall; Buena Park only had 14% and so we are not considering them again, and the Riverside plant had 65%. Mr. Broad said yes, but we have people that earn 100%. Mr. Lawrence said he understood and said he is here representing a joint application for Sacramento, Fresno and Hayward. At this point, we have our first contract behind us and we clearly understand how the process works. I understand that we had some shortcomings with our original contract. We clearly realize our shortcomings in our original contract, however; the application has been right-sized for this contract over the next two years. They have plans to do things differently and are committed to improving their performance and utilization of these funds. The first contract was a learning curve for everyone and the collection of documentation will also align with new cultures resulting from the PepsiCo acquisition. Obviously, when PepsiCo took over, that is what is driving this. Mr. Broad asked who was bought. Mr. Lawrence said PepsiCo acquired us, Pepsi Beverages Group. We are the bottlers and we were independent. Mr. Broad said so in other words, it was a corporate acquisition of an independent bottler. Mr. Lawrence said correct, and in addition to having all these new corporate initiatives, we had to learn the initiatives simultaneously while trying to implement the ETP, which was a learning curve of its own. All locations have now adjusted to these procedures and have been incorporated and managed to provide sustainability in moving forward. Team members have been assigned to collect and monitor all rosters and hours in conjunction with our third-party administrator. My plant performed at 83%, but I had a resource in place that managed this, as it is rather labor intensive. We have an individual in each facility now that is in charge of the process. If you look over the term of our contract, our rate increased dramatically. We are asking for a lot less than we were showing our rate

of performance toward the end, but the money we are asking for is the exact amount of the first one, and we will easily surpass that with the learning curve behind us.

Mr. Broad said that was a very valiant explanation and I appreciate that very much; however, PepsiCo is a very large corporation. I'm prepared to vote for this at a maximum of \$225,000. If you earn it all, you can return to ask for an amendment. If PepsiCo is dissatisfied, they can invest the other \$200,000 into this training and then it's on their nickel, and maybe it will all get used really efficiently, I don't know. It strikes me that the past record has not been good over a long period of time and that's not a comment about you or your plant, because you are walking into this mess. But we have to look at PepsiCo as a company in its all over performance and it's just terrible, for a company of that size and that sophistication. He asked if the representative was agreeable to reducing this proposal amount to \$225,000. Mr. Lawrence was agreeable.

ACTION: Mr. Broad moved and Mr. Rodriguez seconded approval of the Proposal for PBC in the reduced amount of \$225,000.

Motion carried, 5 – 0 – 1 (Ms. Roberts recused)

Armstrong World Industries, Inc.

Gregg Griffin, Manager of the North Hollywood Regional Office, presented a Proposal for Armstrong World Industries, Inc. (Armstrong), in the amount of \$207,000. Armstrong is a worldwide manufacturer of commercial and residential building supplies with locations in and outside of the United States. The company produces floor coverings, acoustical ceilings and grid systems, and wood cabinets which are distributed to various home centers that include Home Depot, Lowes, specialty retailers and other local flooring stores.

Mr. Griffin introduced Terri Morales, Human Resources Manager.

Mr. Broad noted they have very good performance on their prior contract. Ms. Morales said thank you.

ACTION: Mr. Broad moved and Ms. Fernandez seconded approval of the Proposal for Armstrong in the amount of \$207,000.

Motion carried, 6 – 0.

The Ezralow Company, LLC

Mr. Griffin presented a Proposal for The Ezralow Company, LLC (Ezralow), in the amount of \$229,500. Ezralow is engaged in the acquisition, development, redevelopment, financing, ownership and asset management of real estate properties in California and Washington. Ezralow currently owns 1,191,000 sq. ft. of industrial properties; 494,000 sq. ft. of commercial office spaces; 1,485,000 sq. ft. of retail centers; an 80,000 sq. ft. athletic club; 335,000 sq. ft. of self-storage; and 7,000 apartment units.

Mr. Griffin introduced Cristina Agra-Hughes, Sr. Vice President.

Mr. Rodriguez asked what their core business is. Ms. Agra-Hughes said the company is involved in the acquisition, development or redevelopment of real estate. The company that employs the employees is a property management company that is fee driven by 5% of the income of the properties. It is a fully-owned individual company and we've been in business for about 40 years. This is our first ETP proposal.

Mr. Broad asked if there are two companies. Ms. Agra-Hughes said no, real estate companies usually operate with different LLCs for the ownership of properties or for wholly-owned subsidiaries of property management or redevelopment construction. Mr. Broad said so this is the redevelopment then. Ms. Agra-Hughes said it's the redevelopment construction and property management division, correct. Mr. Rodriguez said the workers are employed by Ezralow. Ms. Agra-Hughes said the Ezralow Company and the dba's first point management group.

Ms. Roberts asked about the 20% of managers to be trained. Ms. Agra-Hughes said the sales staff is what amounts to a leasing agent and they typically earn \$11 per hour. There are assistant managers with a higher hourly wage, but the property managers are the ones that work at the properties along with a maintenance supervisor and a maintenance tech. In addition to that, they have a large accounting staff located in Placer County, Sacramento or in Los Angeles. What we are trying to do with these training funds, is to help lower our margins for cost to the property management companies to give us the ability to perform better so we can acquire properties. Right now we are in a position where out-of-state companies are coming in and making unheard of real estate acquisitions, and something which we can't compete with as we just don't have the margins. They also have accounting in other states such as Texas and North Carolina, with the acquisition of other property management companies that have been in the news; they are located in North Carolina. They will move a lot of this workforce over to India or the Philippines and 100% of our employees are based in California. The Washington properties are not our employees; they are employed by one of these other property management companies. Ms. Roberts said the documents stated about 70 of the 200 employees are managers. Ms. Agra-Hughes said I believe a manager is a ranking in the field, they are non-exempt employees for the most part, and very few of them are exempt. They are supervised employees and they are just on site, but they are not managers per se. Mr. Broad asked if they are basically like the resident apartment manager. Ms. Agra-Hughes said they are the old mom and pop resident manager which used to operate with mom handling the property management and pop was the maintenance supervisor. But property management has gone high-tech and left many of these people behind because they don't know how to even address some of the new programs on the market. They may not also have mobile devices and they have been very hands-on, where everything is written. We've had to retrain all of that. We are rolling out a pay scan program which allows us to retain our accounting staff as opposed to giving it to another out-of-state company.

Mr. Rodriguez asked since this is their first ETP proposal, how they became aware of ETP. Ms. Agra-Hughes said the Sierra Consulting Group approached us. They said it usually has been more for a manufacturing project than property management in CA which has taken a great hit and the skill set for a property manager for a property management company, the skillset of the employees is very low. They are usually very low wage earners and they used

to get an apartment in lieu of salary. We are trying to become more sophisticated with some of their larger sophisticated companies located out-of-state, individuals that are forgetting about the little guy and making everything about reporting, as opposed to about training. We are owner of these properties so we want to train. The regular, larger property management companies out of state really don't care to train because they are a little company or a small apartment building. The owner doesn't want to train employees which they normally don't, because they can be transferred tomorrow.

ACTION: Mr. Rodriguez moved and Ms. Fernandez seconded approval of the Proposal for Ezralow in the amount of \$229,500.

Motion carried, 6 – 0.

Altman Specialty Plants, Inc.

Diana Torres, Southern CA District Manager, presented a Proposal for Altman Specialty Plants, Inc. (Altman), in the amount of \$352,500. Altman is a wholesale nursery which provides a broad assortment of plants, flowers, shrubs, and other botanical products to retail nurseries, home and garden centers, and other stores throughout the southwest and western U.S. The company's customers include The Home Depot, Lowe's Home Improvement, Orchard Supply & Hardware and Walmart among others.

Mr. Torres introduced Tex Prows, VP of Human Resources.

Ms. Bell asked what type of nursery they have. Mr. Prows said they are a wholesaler for nurseries and they grow the plants that you would then buy at retailers. Ms. Bell asked if they are grown in greenhouses. Mr. Prows said in greenhouses and in open fields, but a lot of greenhouse base. Ms. Bell asked where they are located in Salinas. Mr. Prows said they have a facility on Spence Road in Salinas.

ACTION: Ms. Fernandez moved and Mr. Rodriguez seconded approval of the Proposal for Altman in the amount of \$352,500.

Motion carried, 6 – 0.

Flatiron West, Inc.

Ms. Torres presented a Proposal for Flatiron West, Inc. (Flatiron), in the amount of \$388,960. Flatiron is a heavy civil general contractor that provides infrastructure throughout California for the transportation, energy and water sectors. The company builds roads, bridges, tunnels, rail transit and water/wastewater projects, for both public and private clients. Flatiron delivers projects through a variety of contracting methods, including design-build and public-private partnerships.

Ms. Torres introduced Dana Smola, Human Resources Manager.

Mr. Broad noted they are a first time ETP applicant in the construction business, and have multiple unions on the property. He asked who is handling the training. Ms. Smola said they

have internal staff called subject matter experts handling the training. They will send some of their folks to the AGC of California or the AGC of San Diego to do some training for our technical staff, but most of our training will be done internal, through our subject matter experts.

Ms. Roberts asked how many locations they have. Ms. Smola said they have three different district offices but the way their project is set up, they have multiple project sites throughout California. For example, we have a district office in San Diego but we may have five or six project sites in San Diego, depending on where the job locations are. Ms. Roberts asked if a consultant is assisting them with the administration. I see you have training coordinators and HR will oversee it. Do your training coordinators know anything about the ETP database system and how to coordinate it? Ms. Smola said they are exploring utilizing an outside agency since this is our first time at ETP. Our plan is also to train internal staff to help with gathering the necessary rosters, properly documenting, and then getting it over to our third-party administrator. Ms. Roberts said she didn't see that included in the paperwork she had. Ms. Smola said yes, I think we were exploring it because we didn't know exactly what to expect, but the more we are thinking about it, absolutely. Mr. Broad said I think discretion is the better part of valor; I think what we see sometimes for first time applicants is that they obviously do this with the best of intentions, and they really don't understand all of the requirements to comply to get paid under ETP. They get swamped, they fall behind, people change hands, and it can really be disruptive of training. Business needs may change, so I would encourage you to make sure that you really understand complying with our program before you begin. Ms. Smola said absolutely; I think the more we are going through this process, the more we understand that and we met with a consultant and have spoken with some colleagues that are already in the ETP program.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for Flatiron in the amount of \$388,960.

Motion carried, 6 – 0.

HUB International Insurance Services Inc.

Ms. Torres presented a Proposal for HUB International Insurance Services Inc. (HUB), in the amount of \$312,450. HUB is a full-service insurance brokerage company that provides commercial insurance, personal insurance, employee benefits, individual life and disability contracts, and risk management services. Its customers range from small to large businesses as well as individual clients.

Ms. Torres introduced Danna Baker, Chief Administrative Officer.

There were no questions from the Panel.

ACTION: Ms. Roberts and Ms. Bell seconded approval of the Proposal for HUB in the amount of \$312,450.

Motion carried, 6 – 0.

Omni Hotels Management Corporation dba Omni La Costa Resort and Spa, LLC

Ms. Torres presented a Proposal for Omni Hotels Management Corporation dba Omni La Costa Resort and Spa, LLC (Omni La Costa), in the amount of \$420,800. Omni La Costa is a historic golf resort and spa located on 400 acres in Carlsbad. It provides luxury accommodations, resort golf courses and convention/conference resources to corporate businesses and upscale worldwide leisure travelers. The resort includes 6112 guest rooms and suites, several restaurants, two 18-hole golf courses, seventeen tennis courts, pools, and a world-renowned spa that was honored as the #1 Wellness Spa in the nation by Spa Magazine.

Ms. Torres introduced Christopher Garcia, Resort Manager.

Mr. Rodriguez asked if they have someone internal or if they are going to retain someone for the administration. Mr. Garcia said they have an in-house trainer and they are hiring someone else to help them facilitate the ETP process.

ACTION: Mr. Rodriguez moved and Ms. Fernandez seconded approval of the Proposal for Omni La Costa in the amount of \$420,800.

Motion carried, 6 – 0.

Del Monte Foods, Inc.

Creighton Chan, Manager of the Foster City Field Office, presented a Proposal for Del Monte Foods, Inc. (Del Monte Foods), in the amount of \$204,080. In February 2014, Del Monte Foods became a separate company under its parent holding company, Del Monte Pacific. Del Monte Foods is recognized as one of the country's largest producer, distributor, and marketer of premium quality, branded food products for the U.S. retail market. Del Monte brands include *Del Monte®*, *Contadina®*, *S&W®*, *College Inn®* and other brand names. The company also produces and distributes private label food products. Its core customers (suppliers) include Albertsons, Target, Wal-Mart, Safeway, Kroger and Costco.

Mr. Chan introduced Eva Harris, Senior Manager of Learning & Development.

Ms. Roberts asked in becoming a separate company, if they have a different federal ID number. Ms. Harris said yes, they were purchased by Del Monte Pacific which is based out of the Philippines, so they had no presence in the United States. Ms. Roberts said because even though companies change their names, in the future if they return for another proposal with no substantial contribution that does not apply to a company with a new federal ID #.

Mr. Rodriguez asked if their company headquarters are in San Francisco. Ms. Harris said they have three offices in the Bay Area and their headquarters is in San Francisco. Most of their headquarter employees are in Pleasant Hill currently and their research and development is located in Walnut Creek. Mr. Rodriguez said so Del Monte Pacific is the parent company and they are headquartered in the Philippines. Mr. Broad asked if DelMonte is an American company. Ms. Harris said yes, it is.

ACTION: Mr. Rodriguez moved and Ms. Roberts seconded approval of the Proposal for Del Monte Foods in the amount of \$204,080.

Motion carried, 6 – 0.

Sysco San Francisco, Inc.

Mr. Chan presented a Proposal for Sysco San Francisco, Inc. (Sysco SF), in the amount of \$264,000. Sysco SF warehouses, distributes, and delivers food products, beverages, equipment, and supplies in the San Francisco and adjacent areas. Sysco SF's marketing associates customize food offerings and services to any size restaurant, school, government facility, or organization that needs to serve food. One example is the capability to cost menu items for customers. Sysco SF's software systems provide customers with information to make decision on products served, costs and nutritional values. The customers' order requirements are customized to meet customers' needs.

Mr. Chan introduced Angela Phillips, Vice President of Human Resources.

Ms. Roberts asked staff if Sysco has had a contract in the last five years. Mr. Chan said this is the first for Sysco SF but there have been other Sysco locations with previous contracts. Ms. Bell asked if the employees all work in one area or if they are spread throughout CA. Ms. Phillips said most are located in Fremont and their sales force is located in the Bay Area.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of the Proposal for Sysco SF in the amount of \$264,000.

Motion carried, 6 – 0.

Aerojet Rocketdyne, Inc.

Ms. Hernandez presented a Proposal for Aerojet Rocketdyne, Inc. (Aerojet Rocketdyne), in the amount of \$468,683. Aerojet Rocketdyne is an international corporation with three locations in California. It was newly-formed in June 2013 when the parent acquired the Pratt & Whitney Rocketdyne business from United Technologies Corporation. The parent merged Rocketdyne with an existing subsidiary, Aerojet General Corporation, to form the new company. Aerojet Rocketdyne is a merchant supplier of propulsion and energetics to the space, missile, defense, strategic, tactical missile and armament areas to the Aerospace and Defense industry.

Ms. Hernandez introduced Ken Gaal, Director of Human Resources and Margy Gonzales, Manager of Talent and Organizational Development.

There were no questions from the Panel.

ACTION: Mr. Broad moved and Ms. Fernandez seconded approval of the Proposal for Aerojet Rocketdyne in the amount of \$468,683.

Motion carried, 6 – 0.

Raley's, a Corporation dba Raley's Super Markets

Ms. Hernandez presented a Proposal for Raley's, a Corporation dba Raley's Super Markets (Raley's), in the amount of \$671,880. Raley's is headquartered in West Sacramento and today Raley's owns and operates 128 supermarkets branded as follows: 78 Raley's; 20 Bel Air; 22 Nob Hill Foods and 8 Food Source. These are grocery "superstores" that include grocery, produce, bakery, meat, dry goods, health and beauty aids, pharmacy and specialty departments.

Ms. Hernandez introduced James Croghan, Senior Training Manager and Steve Duscha, Consultant.

Ms. Roberts said documents state you had a previous contract, but it was longer than five years ago, is that correct? Mr. Croghan said yes, that is correct.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for Raley's in the amount of \$671,880.

Motion carried, 6 – 0.

Cal Poly Corporation

Mr. Griffin presented a Critical Proposal for Cal Poly Corporation (CPC), in the amount of \$234,240. CPC is a 501(c) (3) non-profit auxiliary organization established to aid California Polytechnic State University, San Luis Obispo in its educational and extracurricular missions. CPC provides self-supporting, diversified services which complement the university's instructional program. Cal Poly has a long tradition of providing irrigation training and technical expertise.

Mr. Griffin said this project is part of the State's Rapid Employment Strategies Pilot on Natural Disasters (RESPOND) pilot program which will use funds from the State's General Fund for training in the designated drought areas. Training will be conducted through Cal Poly's Irrigation Training and Research Center.

Mr. Griffin introduced Dr. Stuart Styles, ITRC Director.

Mr. Broad said we are very pleased to partner with you and happy you found your way to us. Ms. Roberts said this sounds like a great proposal, especially with your background and training at the school; you were the perfect candidate. Mr. Broad said and maybe there will be more opportunity in the future as we have struggled with how to fund proposals in agriculture that deliver people job skills that will increase their wages. But if we increase their wages where they are learning technologies that save water, that is incredibly socially valuable, given the current drought conditions. Ms. Roberts asked if he has a similar peer that works at U.C. Davis. Dr. Styles said they do collaborative work with the U.C. system and the U.C. Extension. He received his doctorate from U.C. Davis, so yes, he does have colleagues there. They will do joint research papers so when the industry is seeing

something, it is from the different entities so that we are not putting out competing papers or research, so they work with the U.C. groups.

Mr. Rodriguez said I am familiar with your work, but more on the clinical systems side. A lot of your historic work core competency has been on clinical systems and the training has been mostly with under graduate and graduate students, we have some post-docs. Dr. Styles said right, Cal Poly is not a post-doc school so we supply the post-docs that are doing irrigation work, for U.C. Davis, Washington State and Utah State, those programs that are looking for post-docs are actually going to be fed by our undergrad program; so we are known for that. We also offer about 60 professional workshops every year, to have the irrigation professionals come in from the public and private sector, to get that type of training. Mr. Rodriguez said so what do you envision, since this is the first time you are entering into this type of work, training those same type of folks that are part of your pipeline or a very different class of clients? Dr. Styles said what I had envisioned with this money since this is a new source of funding for us, is to expand the classes and the types of classes that we can do and specifically targeting the drought-related impacts that we can do. For example, we offer classes during the summer at our facilities for a lot of the irrigation dealer employees and manufacturing employees. We'd like to expand it into the next thing, which are more hybrid-type classes. We would have an online component where someone has to do a certain part on line and then participate in a hybrid part, which is hands-on where they can come in and use our facilities. Those kinds of things are very expensive and timely to set up and that is what we envision, to try to expand our topic base into some of those things and be able to reach more people with that type of education.

Mr. Rodriguez said so you are not really tapping into workers with multiple barriers. You are really tapping into professionals in the industry that are either involved in a public agency or private firms that have been impacted by the drought. Dr. Styles said that is correct; what we are hoping to do with this funding is to expand the people that we are having access to. Right now, we have a current base that we are already doing with training. Obviously, we have been a training center since 1989 and my goal is to expand it and to offer additional classes and new classes that will directly impact the drought-related issues in CA.

Mr. Rodriguez said the curriculum will have to be tailored because with your core competency, you are part of a collaborative that gets also research dollars from the federal government. Dr. Styles said yes we get federal funding and state funding, and we are a 100% self-supported center; it is all outside money. Much of it comes from the water districts directly and manufacturers pay for us to do testing also. Mr. Rodriguez said so we understand your core competencies and what you bring to the table, but there are also many of us that are concerned about ensuring that the communities that won't come to your facility and the folks that they employ. They are going to have multiple barriers, so it has to be a little outside of the box, from a regular peer review funding grant to understand systems integration and its scientific value. Dr. Styles said yes, I understand your comments.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of the Critical Proposal for CPC in the amount of \$234,240.

Motion carried, 6 – 0.

Glendale Community College Professional Development Center

Due to action taken earlier by the Panel Chair, Tab #58 Glendale Community College Professional Development Center MEC Proposal was removed from the Agenda, and would not be considered today.

Kern Community College District

Due to action taken earlier by the Panel Chair, Tab #59 Kern Community College District was removed from the Agenda, and would not be considered today.

Riviera, Inc. dba The Enterprise U

Due to action taken earlier by the Panel Chair, Tab #60 Riviera, Inc. dba The Enterprise U was removed from the Agenda, and would not be considered today.

San Bernardino Community College District

Mr. Griffin presented a Proposal for San Bernardino Community College District (SBCCD) in the amount of \$749,770. SBCCD consists of two colleges: Crafton Hills College in Yucaipa and Valley College in San Bernardino. SBCCD is a Western Association of Schools and Colleges accredited. The District provides academic instruction leading to a degree, certificate, or transfer to a four-year college. In addition to the physical campuses, the District also runs KVCR Public TV and FM Radio and the Professional Development Center (PDC) through which it provides customized, vocational, occupational, and workforce training to incumbent workers employed by local businesses and community-based organizations.

Mr. Griffin introduced Robert Levesque, Director of Workforce Development.

Mr. Broad said originally we took action to remove all of the MEC proposals from the Agenda, but we didn't remove your proposal. Since you were not part of the motion and you are still here, I'd like to ask you to agree to fund this MEC Proposal at half the amount at \$350,000. Otherwise, I will put this MEC proposal off with the rest of them. Mr. Levesque asked when he would have the opportunity to come back. Mr. Broad said the next time we meet and you will be treated like all of the other MECs were treated today. Mr. Levesque asked how long of a term this agreement would have. Mr. Broad said it would be our normal two-year term. Mr. Levesque asked if he would not be able to return until he was in the final three months of the two-year term. Mr. Broad said it depends on what we do with the MECs. Probably to be fair, we should remove this MEC proposal from the Agenda too, because that would be reasonable. However, because it wasn't part of the motion and because you are still here, I would consider cutting the amount in half and moving forward, which may be the fate of the others anyway. But if you'd like to take your chances with full funding, then I would suggest you agree to withdraw it for this month and then bring it back.

General Counsel Maureen Reilly spoke to the contract term issue. She said the term is two years at the outside edge, per our statute. You can request a one-year term. Or, within a two-year term, you can close out early. In other words, if you reach a point where you spent all of the money, you can submit your final invoices and we would close you out and the

contract term would end; you don't have to go out to the full two years. She said you can also amend a two-year contract this next FY, if we have additional funding.

Mr. Levesque said I really did think the Panel motion was predicated on those MECs with active contracts that had not reached the 90-day period of time, and I am within the 90-days. Mr. Broad said I realize that, and that is why I'd like to move forward. However, they may have to wait until 90-days to get whatever funding they may get. It is sort of an allocation situation. I'm willing to consider it, but I don't think it is fair to fund you fully, if we are going to do it today. Mr. Levesque said when we developed this project we developed it for \$1.1M. Based on the actions of the Panel in June, we have subsequently reduced it to what is the new cap now, so we have already taken a \$400,000 reduction. Mr. Broad said I know, but the others are potentially taking a complete reduction right now. Mr. Levesque asked if the Panel would consider approving \$450,000. Mr. Broad said I am not prepared to take a motion to vote on approving this proposal for \$450,000; but I am prepared to vote on a motion to approve \$350,000.

Mr. Levesque asked if they could do that for a one-year term. Ms. Reilly said yes, we can negotiate in order to determine a term you feel comfortable with, that we can agree to. It's a contract, and we can decide on a term, by mutual agreement. Mr. Broad said you can negotiate the length of a contract with staff. He said that doesn't mean if you are done and you return in a year, you can receive \$1.1M. It would still depend on our funding priorities at that point. Mr. Levesque said I fully understand that, but the way it seems to be structured now, with a two-year contract, I would be precluded from coming back until the final three months. Mr. Broad said I understand, but you can finish early, you can do all kinds of things. However, my advice to you would be to take the money and run. Ms. Roberts said \$375,000 is 50% of your contract. Mr. Broad said yes, that is the total ETP cost. Mr. Levesque said yes, and asked if the support costs would be on top of that, but agreed to the reduction of the proposal in the amount of \$375,000.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of the Proposal for SBCCD in the reduced amount of \$374,744.

Motion carried, 6 – 0.

Studio Arts, Ltd.

Due to action taken earlier by the Panel Chair, Tab #62 Studio Arts, Ltd. was removed from the Agenda, and would not be considered today.

Westech College

Due to action taken earlier by the Panel Chair, Tab #63 Westech College was removed from the Agenda, and would not be considered today.

Riverside Community College District, Office of Economic Development

Due to action taken earlier by the Panel Chair, Tab #64 Riverside Community College District, Office of Economic Development was removed from the Agenda, and would not be considered today.

Sheet Metal & Air Conditioning Apprenticeship & Journeymen Joint Training Fund of San Diego

Ms. Torres presented a Proposal for Sheet Metal & Air Conditioning Apprenticeship & Journeymen Joint Training Fund of San Diego (SMJTF) in the amount of \$248,721. SMJTF is a joint effort by the Sheet Metal Workers' International Local 206 and the Sheet Metal and Air Conditioning Contractors National Association whose mission is to provide up-to-date industry skills training and secure high-quality job opportunities for its members.

Located in San Diego, the SMJTF training center has a total of seven classrooms and labs; a computer center with 20 stations; and a welding shop with 16 welding booths. The SMJTF serves 105 apprentices and 425 journeymen within San Diego and Imperial Counties.

Ms. Torres introduced Chris Caricato, Training Director.

Mr. Broad asked about the factors that go into the graduation rate. Why is it 69% and not 89%? I'd like to understand the rate fluctuations. Mr. Caricato said attrition is one of the factors. I wish we could keep every student that enters the program, but some choose to go somewhere else. Mr. Broad asked if it is just too rigorous for some of them. Mr. Caricato said absolutely, five years is a lot of time to be in school. He said they are also required to have 960 hours of training through their five-year apprenticeship and 8,000 on-the-job training hours, and for many people that might be tough. Mr. Broad said you did very well on your last proposal.

ACTION: Mr. Broad moved and Ms. Roberts seconded approval of the Proposal for SMJTF in the amount of \$248,721.

Motion carried, 6 – 0.

California Labor Federation, AFL-CIO

Mr. Chan presented a Proposal for California Labor Federation, AFL-CIO, (CalFED), in the amount of \$678,720. CalFED is an umbrella organization comprised of 1,200 unions, representing 2.1 million union members in manufacturing, retail, construction, hospitality, the public sector, health care, entertainment and other industries in California.

Mr. Chan introduced John Brauer, Executive Director of Workforce and Economic Development Program and Jan Borunda, Project Coordinator.

Mr. Broad said as I mentioned right at the very outset that you had this same issue, as the six MECs we heard earlier, which I think is natural, of wanting to get another contract approved as soon as possible. And it was causing us a cash flow issue with regard to apprenticeship. You listened to our request to slow down, and you changed the application timing which is helpful and very much appreciated. We do consider you not only part of the solution, but some of the most valuable training that we fund.

Ms. Roberts said from a consistency standpoint, since we also cut everyone else, even a MEC within the 90-day overlap period, I would imagine there would also be consideration to reduce your funding too. It is a large amount of money, and you haven't completed the active contract yet. From the optics, I want to make sure we are consistent with what we are looking at.

Mr. Broad said yes, I understand, but feel like we took up the issue of apprenticeship programs specifically a while back, and they responded by slowing down the requests for new contracts. I think we can reconsider the issue overall, but I would like to move forward with this one at its current funding level. The other MEC can return in a year and ask for more, but these apprentices are enrolled in the program now and not a future multi-employer contract. They are in the training program, and going to be in the program no matter what. There is nothing speculative about them. So I'm prepared to move forward with this one in its current funding amount. I do think, however, that the funding level regarding apprenticeship is fair game for discussion that we are going to have about what to do beginning next month and they are not immune to that.

Ms. Roberts said I am agreeable to that, I know that you are already in your training phase and how it is set up is different. Mr. Broad said it is really fundamentally different because you are talking about people who are in something that goes for a five-year period. There is a very high level of wages at the end. The employers are committed to the training, contractually; so are the apprentices. So it's really an entirely different type of training. Its multi-employer aspect is even different because the employers here are all signatories to a collective bargaining agreement in which they've bound themselves by contract and they have to use these workers at this the apprentice level.

Ms. Roberts said so what I would suggest, is that we do have the meeting that we are talking about, discuss all the contracts in general, that we separate them according to different criteria, and if we want to, then separate the apprenticeship program in a stand-alone category. Maybe that is what we should do. Mr. Broad said I don't want to predict too much of this, but it may be that the issue is how often they can come back as opposed to the amount, there are many ways to make the reductions.

Mr. Brauer said from our end, we have some suggestions already, in terms of the procedural piece that hopefully will give you and us some predictability in that equation. Mr. Broad said I am hoping this is a one-year problem; in reality, to step back from the crisis mode we are discussing today. We clearly have, until the next FY, a funding shortfall. As of this moment after today, there is a limited amount available, about \$20M for the rest of the FY. We don't actually have a crisis for next year. We just have an unusually large amount of applications for our funding that I think is in significant measure, driven by our new computer implementation "go dark" period. There is a moratorium on how many applications that are going to be accepted, so get all of your applications in.

Mr. Brauer said we would like for you to support this today, obviously. We would like to be part of that conversation and have been actively engaging our JATCs, explaining the situation of ETP to them, and looking at various sizes. I had to write letters to training trusts, explaining that it wasn't their training coordinator that got cut last spring when you had to make some of those preliminary decisions; that it was actually the fact of what you have been

grappling with. I don't want to have to do that anymore and I'd like to get to predictability for you, for us, and for everyone in that situation.

Ms. Fernandez said I'd like to ask if you think we need to look at apprenticeship differently, because they are already under a very high-standard set by DAS. I am glad that you are making the motion to approve at its current funding level since it is very important.

ACTION: Mr. Broad moved and Ms. Fernandez seconded approval of the Proposal for CalFED in the amount of \$678,720.

Motion carried, 6 – 0.

Regents of the University of California

Mr. Atkinson presented a Proposal for Regents of the University of California (Regents), in the amount of \$59,228. Regents is a non-profit agency that will provide entrepreneurial training through the University of California Merced Small Business Development Center (Merced SBDC) Regional Network. Established in 2003 and serving 14 Central California Counties, Merced SBDC consults and trains entrepreneurs and small businesses and provides access to information and tools necessary to build successful sustainable businesses.

Mr. Atkinson introduced Melissa Tatham, Regional Assistant Director.

Mr. Broad asked if this was their first ETP proposal. Ms. Tatham said yes, it is. Mr. Broad asked if they are a new program in Merced. Ms. Tatham said yes, they have been there since 2003. They manage the small business administration's grant, which is a nationally funded federally regulated through Congress and federally allocated program. Part of a requirement of the funding, is to get state funds support and local tax dollars, in support of our program. To spend \$1 federal, we have to offer .50 cents on every dollar match. So we are hopeful to get a little imprint from ETP funding to perform and be able to spend \$120,000 of our federal funding since every penny counts for us. In 2013 we brought \$56M in capital infusion to the Central Valley and Central California since we service Monterey Bay, Cal Poly, San Luis Obispo, Bakersfield and Modesto. That has been a very hard hit area with many different needs and unemployment levels. We are trying to keep the business owners afloat and keep them sustainable, education, capital infusion, and the dollars that they need to keep their programs going. It's important to keep the employees employed, and the revenues and quality of life and economic vitality in our communities.

ACTION: Ms. Roberts moved and Mr. Rodriguez seconded approval of the Proposal for Regents in the amount of \$59,228.

Motion carried, 6 – 0.

Sacramento Area Electrical Workers Joint Apprenticeship and Training Committee

The Sacramento Area Electrical Workers Joint Apprenticeship and Training Committee Proposal was withdrawn from consideration.

Amendments

Mr. Broad said this leaves Tab #69, which includes all of the Amendments, and asked for a staff explanation.

Ms. Reilly said staff prepared a Master ETP 130 because these Amendments all have the same attribute. There are 37 Amendments, to contracts that were approved by the Panel in April. These 37 Amendments represent the additional 30% of funding that was put over into this month, at the start of the new FY. This was the commitment the Panel made at the last meeting to restore this 30% in funding. The names are shown here, along with the amount initially awarded, the increased amount, and the total. All of these will also have a written Amendment to the existing contract, which is a procedural matter. We never present it to the Panel we usually just present a proposal.

ACTION: Mr. Broad moved and Ms. Fernandez seconded approval to restore the additional 30% of funding for projects approved in April 2014, for the 37 Amendments listed under the Master ETP 130.

Motion carried, 6 – 0.

IX. PUBLIC COMMENTS

Steve Duscha, Consultant, asked if the Panel has come to a decision about the process for next month. Mr. Broad said no, not yet but you will hear very shortly.

X. MEETING ADJOURNMENT

Mr. Broad moved and Ms. Roberts seconded meeting adjournment at 12:57 p.m.