



**STATE OF CALIFORNIA  
EMPLOYMENT TRAINING PANEL MEETING**  
California Environmental Protection Agency  
1001 "I" Street  
Sierra Hearing Room, 2<sup>nd</sup> Floor  
Sacramento, CA 95814  
September 23, 2011

**PANEL MEMBERS**

Barry Broad  
Chair

Sonia Fernandez  
Member

Barton Florence  
Member

Janine Montoya  
Member

Edward Rendon  
Member

Janice Roberts  
Acting Vice-Chair

Sam Rodriguez  
Member

Michael Webb  
Member

**Executive Staff**

Brian McMahon  
Executive Director

Maureen Reilly  
General Counsel

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

Barry Broad, Chair, called the meeting to order at 9:39 a.m.

**II. ROLL CALL**

Present

Barry Broad  
Sonia Fernandez  
Edward Rendon  
Sam Rodriguez (arrived immediately after roll call)  
Michael Webb

Absent

Bart Florence  
Janine Montoya  
Janice Roberts

Executive Staff Present

Brian McMahon, Executive Director  
Maureen Reilly, General Counsel

**III. AGENDA**

ACTION: Mr. Rendon moved and Mr. Webb seconded the motion that the Panel approve the Agenda.

Motion carried, 5 – 0.

**IV. MINUTES**

ACTION: Mr. Rodriguez moved and Mr. Webb seconded the motion that the Panel approve the Minutes from the June 24, 2011 Panel meeting.

Motion carried, 5 – 0.

**V. REPORT OF THE EXECUTIVE DIRECTOR**

Brian McMahon, Executive Director, welcomed all stakeholders and applicants and said that the first 24 projects in the current Fiscal Year will be reviewed today. He said most of the projects

are single-employer incumbent worker training projects. Mr. McMahon said Jill McAloon, ETP's Director of Planning and Research and Administration, will be presenting ETP's draft Strategic Plan for 2011-12. There is a statutory mandate to update the Plan on an annual basis to reflect changes in California's economy, ETP program, goals, program administration, and the Strategic Plan is an action item later in the Agenda.

Mr. McMahon said all four regional office managers were present at today's meeting. He said they will travel to the meetings at least once a quarter, while still being sensitive to the Governor's restriction on travel.

At the June 24, 2011 Panel meeting, the Panel approved a series of staff recommendations designed to make best use of core program funds, and AB 118 funds in Fiscal Year 2011-12. All of the projects under consideration today are within the capped amounts established in those guidelines. The following project funding caps for core program funds were approved by the Panel:

#### Project Funding Caps

- Single Employer - Priority Industry - \$500,000
- Single Employer - Non-Priority Industry - \$400,000
- Job Creation - Retrainee - \$600,000
- Critical Proposals - \$750,000
- Multiple Employer - \$750,000
- Small Business - \$50,000
- Fast Track - \$100,000

Mr. McMahon said staff has received an official estimate from EDD for revenue in the current year which is at \$46 million. He said this is a lower estimate from where we finished in the last budget year based on the fact that we are continuing to see a declining number of employers that are subject to the Employment Training Tax and a declining level of wages paid by those employers. The figure is still very much an estimate, but as we move through the current Fiscal Year, we will continue to update the Panel on how actual receipts track at that estimate. This figure is what ETP bases our Fund Status Report on and the figure that we use to guide us in determining the amount of funds available for projects this year.

Mr. McMahon referred the Panel members to the Fund Status Report handout. He said the top line reflects a \$46 million Employment Training Fund (ETF) estimate. There is an increased ETF appropriation this year for the State Controller, based on ETP's share of large database projects that are in the final stages of implementation. ETP's appropriation went from \$46 million last year to \$42.9 million this year. Funds disencumbered and re-added to available dollars drop from \$4.3 million last year to \$3 million this year, and the amount available to ETP for operations and project funding dropped from \$50.4 million to \$45.9 million. ETP's administration costs remain the same; however, staff is reducing expenditures on external marketing. A decline in prior year contract liabilities of close to \$15 million will be experienced in the program this year, which will have a very significant impact on the funds available for project funding. Last year there was \$11.5 million available for encumbrance of projects and this year there is \$23.1 million available, which results in approximately \$70 million available to award in project funding for the current year.

Funds will also be available under AB118, the Alternative and Renewable Fuel and Vehicle Technology Program, through our partnership with the California Energy Commission. It is expected there will be approximately \$4.6 million available under this Program for use this year. Those funds will not be available until an authorization process to spend has been completed, which will take another 60-90 days. Staff is aggressively marketing and seeking projects that fit the parameters of that Program, so if anyone is aware of potential projects, we encourage them to contact ETP's economic development unit to evaluate whether or not a project fits the guidelines for that Program.

Mr. McMahon said there are no bills that made it to the legislative session that have any direct impact on ETP, but there are two bills that are significant enough to discuss.

AB 29 (John A. Perez) Governor's Office of Business and Economic Development. This bill will put in statute the Governor's Office of Economic Development, which will be entitled GO-Biz. This office is involved in economic strategy development, marketing, business attraction, retention, and the Office of the Small Business Advocate will also be located there. The Governor recently appointed as Senior Advisor on Jobs, Michael Rossi, a retired Bank of America executive who will provide overall direction for the Governor's economic development efforts.

SB 734 (DeSaulnier) Local Workforce Investment Boards: Funding. This bill contains language that was originally introduced in SB 776. The bill is intended to ensure that workforce investment boards and one-stop centers allocate specific amounts for actual individual based training. The bill in its final amended version would mandate that beginning federal program year 2012, that at least 25% of funds available under Title I of the federal Workforce Investment Act, be allocated to specific training-related purposes. Beginning in the program year 2016, 30% of those funds must be dedicated to training-related purposes. ETP is impacted since part of the final negotiations regarding the bill involves allowing workforce investment boards and one-stop centers to use other sources of leverage funds to count against those percentages, and ETP is one of those sources of leverage funds. Mr. McMahon said he expects to see ETP jointly participating in training projects with local workforce investment boards and hopes to see more high quality MEC projects coming from those boards.

Mr. Rodriguez asked if ETP is specifically named in statutory law. Mr. McMahon said ETP is the source of funds that were mentioned and is expected to be an eligible source of leveraging. Mr. Rodriguez asked if that was done by the boards. Mr. Broad answered no and said he was involved in writing this bill, and he said that many of the one-stop centers do not accomplish much. Mr. Rodriguez agreed. Mr. Broad said this is an effort to bring some accountability to the one-stops. Mr. Rodriguez asked if it would bring accountability under Title I funds. Mr. Broad said it would bring accountability to ensure that they actually train people to do jobs. He said the argument is that it is very hard to fund, and the one-stops are in disagreement as to the source of funds that should be used. Mr. Broad said there was not much hard evidence that they do that, but they claimed it was the case. So having claimed that it was the case, the sponsors of the bill gave them that opportunity to use other funds to count toward the 20%. He said ETP funds would count but there is no obligation for us to fund anything or for them to use our fund. Mr. Rodriguez asked if they will supplant our funds or activities for their goals of not using the 20% for worker training, and asked if that was the original intent. Mr. Broad said the suggestion is that they do not use the money to train people. He said about ten years ago people wanted to

train individuals in many soft skills as opposed to helping them obtain a job, none of which is accountable. He said the money is being spent and who knows what it is being used for, so that is the issue.

Mr. Broad said another issue is that some one-stops spend 50% to 70% of their money on their salaries, so they are self-generating organizations; but the idea is to get accountability into the process. Mr. Rodriguez said he would support the Chair in ensuring that there are proper audits in place so that ETP is not leveraged as a way to supplant already existing funds. Mr. Broad said if and when we begin to see new multiple employer projects coming from entities that have never had those type of projects before, and this is why they are selecting them is because they are trying to meet a statutory standard, then staff must review whether what they are proposing is real. Mr. McMahon said he has not seen a workforce investment board use WIA Title I dollars for ETP-like multiple employer contracts; it is usually individually driven training. He said EDD actually has a role stated in the bill to evaluate the validity of the claimed leverage funds, so they will be involved up front. He said he could see a situation where there may be a project that is larger in scope than what ETP is willing to fund under our capped amount, and it is conceivable that WIA funds could come in to allow for a larger project than what would normally be funded by ETP. Local workforce investment boards can also use Trade Adjustment Act type of funds as leveraging, national emergency grants, and other funding, but EDD already has an audit function around those sources of leverage funds and about whether they will satisfy the terms of the bill. Mr. Rodriguez said there is baseline Wagner funds that go through EDD for some of the activities that the Chair had mentioned, and he said it was important to ensure they are not blended.

Mr. McMahon said ETP is also impacted by an Executive Order issued by the Governor, Executive Order B911 that creates a California Interagency Council on Veterans with the mandate to improve our Veterans services, coordinated and integrated between local agencies, state agencies, and federal agencies. The Executive Order has specific language in it that mandates that ETP will be a partner on that Interagency Council. ETP has for a number of years identified Veterans groups as an important priority. In 2009, staff developed Veterans guidelines that extended some types of program flexibilities to induce more successful Veteran targeted projects. While most of those projects are still active, staff has not prepared a complete assessment of the outcomes. We are not seeing many Veteran targeted projects or the level of success that we would like to see. Much of that is due to the fact that Veteran projects tend to be new-hire multiple employer contracts, and all those contracts are experiencing difficulty in placing trainees. In the spirit of the Governor's Interagency Council, to further refine our guidelines, he then provided an overview of the further refinements made to those guidelines.

Mr. McMahon said the reimbursement rate will increase from \$20.00 to \$22.00 per hour for Veterans trainees. The incidental placement will increase from 35% in the current guidelines to 45%, and our statute does permit incidental placement in otherwise MEC's targeted eligible employers. We are increasing that percentage under the assumption that we will conceivably add some employment in non-profit healthcare and other non-profit community-based organizations and units of all levels of government. Support costs will increase from 12% to 20% for those projects, to hopefully help mitigate some of the financial risks that those contractors experience. We plan to extend the timeframe for retention in industries that have non-traditional types of retention periods. An example would be in construction, where a worker

might move from project-to-project, and not have a sustained period with a single employer. He said we are moving the retention period up to the statutory maximum of 272 days, and they must achieve 500 hours of documented work during that 272 day period. We also plan to allow for more flexible qualification as a multiple barrier trainee, which allows us to reduce wages and allow for more remedial types of training in addition to the standard literacy types of training that are currently allowed. This will hopefully give these contractors the opportunity to start training discharged service members in skills that help them re-integrate back into the workforce.

Mr. McMahon said at the last Panel meeting, the Panel expressed some concern with the level of development fees that were being charged by consultants developing healthcare projects and asked staff to secure a letter from those contractors that would indicate that they would not be spending ETP funds on development fees. Staff developed language that says "ETP funds will not be used to pay for any fees or costs incurred prior to the Panel's approval of funding under the agreement." There were 57 contractors approved and all but two of those used a consultant. We have received all but four letters from that group of employers and have only two left that used development consultants. We are working with the consultants and the healthcare employers to obtain the last two letters. The Panel also discussed reviewing sub-agreements; staff has reviewed the sub-agreements and they all appear to be in compliance with our requirements.

Mr. McMahon said ETP began accepting new pre-applications in July of this year. Since a July 11 opening, we received a total of 283 projects. The large majority of those applications are single-employer contracts spread between large employers and small businesses. He said 128 of those projects have been referred to regional offices for development and 155 are in the eligibility determination review phase. It is likely, based on the capped amounts applied this year, that we will have the ability to contract approximately 360-380 agreements. He said much of that will depend on the balance of small business and large projects. He said we are seeing fewer small business projects as a percentage of all projects received this year than we have in the past. ETP's marketing unit will be working with groups that serve small business in direct mailings to target manufacturing small businesses to bring the number of those types of projects back into the Panel.

Mr. McMahon announced that Shari Little, ETP's Economic Development Director, has accepted a new position with the Sacramento Area Commerce & Trade Organization (SACTO) as Director of Development, Community Relations, and Vice President of Strategic Marketing. He said Shari has done a fantastic job with ETP in managing the economic development and marketing unit. He said she leaves behind a gap in expertise that will be hard to fill, but knows that she will do very well at SACTO and expects her to bring in good job creation projects really soon. Mr. Broad thanked Shari and said she has done a wonderful job.

## **VI. MOTION TO DELEGATE IN EVENT OF LOSS OF QUORUM**

Mr. McMahon asked for a motion to delegate in event of loss of quorum, authorizing the Executive Director in conjunction with the Panel Chair or Vice Chair, to approve projects.

**ACTION:** Mr. Webb moved and Mr. Rendon seconded the motion to delegate in event of loss of quorum.

Motion carried, 5 – 0.

## **VII. FISCAL YEAR 2011-12**

Mr. Broad provided an overview of the State budget. He said in January 2012, if the expected revenue has not arrived, which at this point it does not look like it will; the budget that was signed by the Governor has automatic triggers in it to make further budget cuts. He said there is bad news and little good news regarding the budget. The bad news of course, is that we would all prefer that the economy was recovering more quickly than it is, and every time we face further cuts ETP funds is a target of potential use to balance the budget. He said there have been many budget reductions in the last four years, and the State's budget deficit has gone down from approximately \$23 billion to \$3 billion.

Mr. Broad said CA is close to having a truly balanced budget. He said there is a proposal that involves a "Single Sales Factor", which is how corporations determine how they pay income tax. It was passed a couple of years ago in CA to allow that formula, but it was passed on an elective basis. He said it ended up actually costing the State money, so the idea is to do what is typically done, which is that it applies to everybody, so there will be winners and there are losers if that is passed. It passed with Republican votes in the Assembly but was not possible this session in the Senate; that would raise approximately \$1 billion of that \$3 billion. He said they have cut to the bottom of the barrel, and that is in part why there is so much focus on worker training funds, enterprise zones, and in the general economic development area. He said any programs that have not had positive accountability will face increased scrutiny.

Mr. Broad said that in the area of federal money that was dedicated for worker training, we are now seeing the consequences 30 to 40 years later. He said the money was passed down, and there has not been as much accountability as there should be, so everything is tightening up because there are so few dollars left. He said we can expect that in January 2012, the Legislature will be back reconsidering the budget they just passed a month or two ago. He said and that is this year's budget; then they have to go to next year's budget, which is supposed to be passed by July 1, 2012. He said we are currently in a cycle in which budgets are handled two or three times a year. Hopefully that will change and we will eventually return to the annual budget cycle. He said ETP has done fairly well in maintaining funding in the last few years given the situation.

## **VIII. DELEGATION ORDERS**

Maureen Reilly, General Counsel, said materials handed out to the Panel include the Fund Status Report, Legislative Update Memo and Veterans Guidelines. She said a link to the draft Strategic Plan will be posted to ETP's website this afternoon, accessible by selecting the September Panel Packets Tab.

Ms. Reilly referred to the Delegation Order Tab in the Panel Packet and said the Delegation Orders are also posted on the ETP website. She said this is the process that the Panel recently revised to approve two separate types of Delegation Orders. One is geared toward small businesses capped at \$50,000, and one was created for the fast-track process which can be a business of any size; but the dollar amount of the proposal is capped at \$100,000. This month there were six Delegation Orders over approximately a three-month period from the end of June to the middle of September, totaling 35 proposals with close to \$1 million in funding. Only one

of the six Delegation Orders falls under the new fast track model, but we are expecting this to increase, as our regional offices have said that more companies are deciding to gear their proposals toward that \$100,000 cap so that they can use the Delegation Order process.

## **IX. REVIEW AND ACTION ON PROPOSALS**

### **Single Employer Proposals**

#### **Ball Metal Food Container, LLC**

Rosa Hernandez, Manager of the Sacramento Regional Office, presented a Proposal for Ball Metal Food Container, LLC (Ball Metal), in the amount of \$420,800. Ball Metal is the largest manufacturer of aluminum and steel beverage cans, the second largest producer of steel food cans in North America, and cutting-edge in the aerospace industry.

Ms. Hernandez introduced Michael Wright, Plant Manager; Rachelle Riggs, Manager of Plant Human Resources; Lilly Rodriguez, Executive Secretary of Teamsters Union Local 948; and Paul Johnson, President of CalTraining, Inc.

Mr. Broad had concerns about the company's previous performance of 49% and said he would like to see a great improvement in their performance. Mr. Rodriguez asked for the company's current competitive market position, in moving from Canada. Mr. Wright said that in North America, they have 39 facilities and one of the facilities was in Vancouver, Canada which made salmon cans for the Canadian business, the Alaskan business, and the Far East. In the business contraction, there was a decision by the company to take that equipment and move it to the Oakdale facility and eliminate the Vancouver facility. Mr. Rodriguez asked if they have a facility in Washington. Mr. Wright said no, but they did have one in Seattle several years ago. Mr. Rodriguez asked why the Seattle facility closed. Mr. Wright said it was closed due to business concerns.

Ms. Fernandez asked if any organizational changes have occurred to support this new ETP proposal. Mr. Wright said they have not restructured their organization in the facility; however, they have realigned some management capabilities to support the utilization of ETP funds. Ms. Fernandez asked if they have a person dedicated solely to this proposal. Mr. Wright said yes; Rachelle Riggs, the HR Manager. He said the assistant plant manager and the controller of the facility are also committed to the training.

**ACTION:** Ms. Fernandez moved and Mr. Rendon seconded approval of the Proposal for Ball Metal in the amount of \$420,800.

Motion carried, 5 - 0.

#### **International Paper Company**

Ms. Hernandez presented a Proposal for International Paper Company (International Paper), in the amount of \$421,200. International Paper is a diversified global company manufacturing bulk paper, container boxes, packaging materials, printed graphics for containers, and industrial and maintenance paper products for clients worldwide.



Ms. Hernandez introduced Anthony Garcia, Plant General Manager and Paramjit Singh, Process Improvement Manager.

Mr. Garcia discussed the reasons why they only earned 42% in their first ETP proposal. He said they combined their Exeter and Hanford facilities from Kings County and Tulare County in their first ETP proposal and that it required more effort and energy than anticipated. They had a slow start, which was a major issue that impacted their ability to get the training they anticipated.

Mr. Garcia said they were also overly optimistic in the number of training hours they predicted. He said they submitted the first ETP proposal for approximately 120 hours per employee. Based upon what they actually attained, they modified their request to 65 training hours, which is the average they obtained from their last proposal. He said the economic downturn was unexpected when they submitted their first ETP proposal; it impacted the number of employees that were available for training, but they continued on with their efforts and had great success. He said that although a 42% payment earned might not appear to be a success, it was a resounding success rate at the Exeter facility. They had a 25% improvement in productivity in the first year and a 21% increase in productivity in the second year. He said they went from being one of the worst plants in production in the company, to having the third best productivity improvement in one year and the best and most improved plant in the second year. He said that today, the Exeter plant is viewed as the primary plant for resources, materials, and information on how to improve. Thus, the two Modesto plants have come on-board and asked for their support in helping them through some of the same training. He said they went from being a plant that was on the verge of making a decision whether to stay in existence to a plant that is highly respected and were regarded today, by many facilities in the West Coast and throughout the company. From their perspective, it was a resounding success and they look forward to having that same type of success not only in their Exeter plant, but also in the two Modesto plants going forward. Mr. Broad said Mr. Garcia provided a great narrative presentation. Mr. Garcia said that because of their successes, the company is now adding additional equipment to the Exeter facility, which gives them a greater opportunity for growth.

Mr. Rodriguez asked for some of their competitors and where they are located. Mr. Garcia said the Exeter plant has a number of major competitors such as Longview in Utah, and they also compete against several independents in CA such as Robert Mann Packaging and Golden Craft in Los Angeles. The two Modesto plants are competing with Temple Inland, Rock Tenn and Sacramento Container, which are all local companies. He said the two Modesto plants have a slightly different market than Exeter as the Exeter plant manufactures pallet-sized boxes and the Modesto plants manufactures regular-sized boxes.

**ACTION:** Ms. Fernandez moved and Mr. Rodriguez seconded approval of the Proposal for International Paper in the amount of \$421,200.

Motion carried, 5 – 0.

### **J.R. Simplot Company**

Ms. Hernandez presented a Proposal for J.R. Simplot Company (Simplot), in the amount of \$157,140. Simplot manufactures fertilizers for professionals in agriculture, the turf trade,

nurseries, feed business, and lawn and garden applications for consumers. Simplot is also one of the world's largest frozen-potato processors, producing 3 billion pounds of French fries and other potato products worldwide. In addition, Simplot is one of the nation's largest beef-cattle producers and ranks as a major agricultural-fertilizer manufacturer with markets in the U.S., Canada, and Mexico.

Ms. Hernandez introduced Lorrie Padilla-Eckstein, Human Resources Manager and Andrea Brooks, Training Specialist.

Mr. Broad said it was encouraging the way the company began with a modest proposal, earned 100% of the funds, and are now doubling the requested amount of the original proposal, and is still a modest proposal.

Mr. Rodriguez asked if both of the representatives were responsible for designing and managing this project. Ms. Padilla-Eckstein said yes, they are. Mr. Rodriguez asked how long they have had contracts with ETP. Ms. Padilla-Eckstein said this will be their second ETP contract. Mr. Rodriguez asked how long they have been employed with the company. Ms. Padilla-Eckstein said they have both been with the company for three years. Mr. Rodriguez asked if they were hired specifically to administer the training. Ms. Padilla-Eckstein said no, the training was new to both of them. She said when they both started with the company they were contacted by an ETP marketing staff, that told them about the program. They decided it would be a great fit for their plant and an opportunity that they needed to take advantage of. Mr. Rodriguez asked if they had to convince their company executives to support the contract. Ms. Padilla-Eckstein said yes, there was not a lot of convincing with the training and the commitment to train, but the funding is always the topic of discussion. She said ETP funding has provided a different avenue, more opportunities for expansion, and they have taken advantage of it.

Mr. Broad said this is a very refreshing situation because the Panel typically does not see individuals new to a company who discover ETP and have a 100% successful completion rate in their first proposal. He said this is the way it should be; to discover ETP, develop a proposal, and have a 100% success completion rate. As you can see from other companies that have come forward before you, a 100% completion rate is not always obtainable, and many companies struggle with delivering the training in their first ETP contracts. He said the representatives obviously know what they are doing; he congratulated them, and said he hoped their bosses recognize their success.

Ms. Fernandez congratulated the representatives on their prior performance and said it is exactly what the Panel looks for. She asked how the prior training has helped their competitive edge. Ms. Padilla Eckstein said it always helps when you are improving and enhancing employee skills and that is probably their largest success. She said the more that they invest, the more productive they are. From a market perspective, she said they do not have any major competitors. They recently went through a merger and acquisition in CA where they bought out a company and experienced a three-year transition. She said they have other competitors that are out-of-state. Some of their employees had never used computers, which is where they began with the training. She said they wanted to keep the training simple, focus on employee needs, and that their competitors are really internal rather than external.

**ACTION:** Ms. Fernandez moved and Mr. Webb seconded approval of the Proposal for Simplot in the amount of \$157,140.

Motion carried, 5 – 0.

### **Transhumance Holding Company, Inc., dba Superior Farms**

Ms. Hernandez presented a Proposal for Transhumance Holding Company, Inc., dba Superior Farms (Superior Farms), in the amount of \$139,860. Superior Farms is a producer of lamb meat, serving retailers and food service operators throughout the United States. According to company representatives, Superior Farms' harvesting and production is in partnership with small farmers who support the environment. The lamb is raised naturally and is minimally processed with no artificial ingredients. Finished products are case-ready meats. One product, Pure Lamb, is grown with no antibiotics or hormones.

Ms. Hernandez introduced Karen Ellis, Vice President of Human Resources & Corporate Development.

Mr. Webb asked how many employees were located at the Iowa plant that is closing. Ms. Ellis said there were 98 employees at the Iowa plant. She said they shut down all manufacturing in Iowa and there are approximately 13 employees remaining, who primarily handle the receipt of livestock to return the livestock back into the CA plants. Mr. Webb asked if they anticipate 10 jobs that will be created once the facility moves to CA. Ms. Ellis said they are currently a bit over-capacity in the CA plant, so she believes with that product line they can begin with 10 new jobs and keep everyone working full time.

Mr. Rodriguez said the term "over-capacity" is sometimes code for future furloughs. Ms. Ellis said that is not the case and they have a large established plant that opened in 1981. She said their industry is tough, there has been a decline in the numbers, and that CA is the second sheep producer only to Texas. She said they are starting a pet treat division and considering also adding a beef slaughter division. Mr. Rodriguez asked about the lack of rain in Texas and how it has affected their business. Ms. Ellis said they are very concerned about the lack of rain since they are sending out livestock very quickly and experiencing a high death loss. She said they are working hard to keep their business thriving and to keep the lamb industry and agriculture in CA. Mr. Rodriguez asked, so you are not in a position to say that you can guarantee full employment of your existing workforce this time next year? Ms. Ellis said actually yes, she is comfortable saying that; absolutely.

Ms. Fernandez asked what caused their company to leave Iowa and relocate to CA. Ms. Ellis said their largest and oldest manufacturing facility is in Dixon, CA and they also have facilities in Colorado and Massachusetts. She said they acquired the Iowa Lamb Company in November 2010 as a way to secure additional livestock. She said they hoped they could keep that plant operational, but saw the decline in available numbers in the Mid-West, and it was not making sense, so they decided to move production into their CA facility.

**ACTION:** Mr. Rendon moved and Mr. Webb seconded approval of the Proposal for Superior Farms in the amount of \$139,860.

Motion carried, 5 – 0.

## **Baycorr Packaging Inc. dba Heritage Paper**

Creighton Chan, Manager of the Foster City Regional Office, presented a Proposal for Baycorr Packaging Inc. dba Heritage Paper (Heritage Paper), in the amount of \$199,584. Heritage Paper designs, manufactures, fulfills and delivers custom packaging for the food, wine, and industrial markets. Items include display units for food service companies; custom wood crates for wine manufacturers; and other specialty items, such as shipping containers for medical equipment.

Mr. Chan introduced Michael Musgrave, Vice President and Chief Operating Officer.

Mr. Rodriguez asked about their recent investment in a Hewlett Packard FB7500 Digital Printer. Mr. Musgrave said they recently purchased the printer and it has been in operation for a couple of months now. Mr. Rodriguez asked if they have a high quality guarantee on service. Mr. Musgrave said yes, they are ISO registered and their business is very competitive. He said the Panel has heard from two of their competitors today, but they also have a couple of their customers here and they earn the business they have, based on service.

**ACTION:** Ms. Fernandez moved and Mr. Rodriguez seconded approval of the Proposal for Heritage Paper in the amount of \$199,584.

Motion carried, 5 – 0.

## **Boston Scientific Corporation**

Mr. Chan presented a Proposal for Boston Scientific Corporation (BSC), in the amount of \$499,680. BSC is a worldwide developer, manufacturer and marketer of medical devices that are used in a broad range of medical specialties including cardiology, urology, gynecology, and neurovascular intervention. Products are manufactured at its three California manufacturing plants in San Jose, Fremont, and Valencia, and the products include a broad line of imaging catheters (coated and uncoated), and micro-delivery stents to treat diseases of the human vascular and neurovascular systems.

Mr. Chan introduced Deborah Helkowski, Director of Production.

There were no questions from the Panel.

**ACTION:** Mr. Rendon moved and Ms. Rodriguez seconded approval of the Proposal for BSC in the amount of \$499,680.

Motion carried, 5 – 0.

## **Brocade Communications Systems, Inc.**

Mr. Chan presented a Proposal for Brocade Communications Systems, Inc. (Brocade), in the amount of \$162,810. Brocade designs, manufactures, sells data storage, networking solutions and management applications for Storage Area Networks (SANs) and Internet Protocol-Based

Ethernet. Brocade assists customers in the development and delivery of data storage; server consolidation; disaster recovery and data security; and meeting compliance issues regarding data management.

Mr. Chan introduced Michelle Padron, Leader of Organizational Development.

Ms. Padron addressed their low performance rate in their previous proposal and what they plan to do differently this time. She said they have been much more realistic in terms of what they will be able to accomplish. She said they have 276 new employees in CA and they need to get them integrated into the company so they can effectively sell and work with customers in integrating their products into data centers within CA.

Mr. Broad asked specifically what they are doing to ensure for a better performance rate this time. Ms. Padron said they were overly optimistic in their first ETP proposal, so the first thing they did was cut back what they are projecting. She said they have learned in the last two years what has worked and what has not worked, so they are better able to calibrate the appropriate training, and they have 276 new employees that they need to train. Mr. Broad asked who will actually provide the training. Ms. Padron said they have qualified internal trainers and external trainers that are outside of California.

Mr. Rodriguez asked if Ms. Padron was involved in the prior ETP contract. Ms. Padron said no, she was not. Mr. Rodriguez asked if they have contracted a specific company to help assist them with the training or if they plan to handle it all internally. Ms. Padron said they have contracted some training externally while some will be done by internal members. Mr. Rodriguez asked who they are contracted with. Ms. Padron answered they are contracted with Effective Training Associates.

Ms. Fernandez asked what steps they are taking in order to ensure that those employees that sign up for the training actually attend the training. Ms. Padron said they are meeting with leaders in their department business units to identify employee training needs to ensure that those employees that will receive necessary training. She said they have learned that when employees receive general notices from HR, they may not pay as much attention to them, in comparison to notices from their functional leader saying that they need to attend. Since some of these trainings were not mandatory, when the recession hit there was precedence given to the business rather than attending training.

**ACTION:** Ms. Fernandez moved and Mr. Rodriguez seconded approval of the Proposal for Brocade in the amount of \$162,810.

Motion carried, 5 – 0.

### **California Newspapers Partnership**

Mr. Chan presented a Proposal for California Newspapers Partnership (CNP), in the amount of \$499,680. CNP is a subsidiary of West Coast MediaNews. CNP and its affiliates publish a wide variety of daily and weekly print newspapers, focusing on local news and information with advertising geared to businesses that have a regional client base. In the Bay Area, publications include the San Jose Mercury News, the Oakland Tribune, the Contra Costa Times, and the

Vacaville Reporter. In Southern California, they include the San Bernardino County Sun, the Inland Valley Daily Bulletin, the Pasadena Star-News, the Whittier Daily News, the San Gabriel Valley Tribune, the Long Beach Press-Telegram, and the Los Angeles Daily News.

Mr. Chan introduced Jim Janiga, Senior Vice President of Human Resources and Labor and Karen Austin, Human Resources Manager.

Ms. Fernandez asked if they plan to train in multiple locations and how they plan to manage it to ensure success of this agreement. Mr. Janiga said they have a human resources presence at many of those locations, and where they do not have someone specifically dedicated, they will bring individuals into those locations. He said their primary training location will be in San Jose at the Mercury News facility.

Mr. Rodriguez asked if there was a recent announcement about closing the Oakland Tribune facility. Mr. Janiga said no, they are moving their printing from the current Walnut Creek facility to their current facility in Concord, and they have invested in a \$20 million press expansion. He said even though they are moving to digital, their core resource is their print product and the Oakland Tribune is not being shut down. Mr. Rodriguez asked if the Bay Area News Group is an out-of-state holding company. Mr. Janiga said it is a partnership with West Coast Media, along with Gannet Newspapers, which still has newspapers in California. Mr. Rodriguez said he believed their last revenue report was positive. Mr. Janiga said yes, that is correct but their revenues are down by 50%. Mr. Rodriguez asked about their revenues in comparison to other newspapers such as the Sacramento Bee. Mr. Janiga said he cannot speak for Sacramento but they try to stay ahead of the curve as best as they possibly can. He said expanding those presses and making sure they provide a product is critical to their success. Mr. Rodriguez asked if there is a commitment that this training is for all existing incumbent workers. Mr. Janiga answered yes, that is correct.

Mr. Webb asked if their turnover rate has been a consistent number over the past five years or if this is a number that most recently spiked due to changes mentioned earlier. Mr. Janiga said their turnover rate is probably a bit typical, and that it has slowed down because they have had some reductions in the workforce with individuals leaving the company. He said they have consolidated operations as much as possible and that their finance operations in Southern and Northern CA have all been centralized in Northern CA. He said they are remaining in CA since that is where their strengths and people are.

**ACTION:** Mr. Webb moved and Mr. Rendon seconded approval of the Proposal for CNP in the amount of \$499,680.

Motion carried, 5 – 0.

### **Delphon Industries, LLC**

Mr. Chan presented a Proposal for Delphon Industries, LLC (Delphon), in the amount of \$129,204. Delphon is a manufacturer and distributor of packaging and related products for the safe handling and shipping of high-value products and technologies.

Delphon consists of four manufacturing divisions each of which customizes, designs, manufactures and distributes products for the semiconductor, medical, optics, solar, aerospace and data storage industries: 1) *Gel-Pak* (Hayward); 2) *Touch-Mark* (Hayward); 3) *Quik-Pak* (San Diego); and 4) *UltraTape* (Salem Oregon).

Mr. Chan introduced Yvette Quinteros, Human Resources Manager.

There were no questions from the Panel.

**ACTION:** Mr. Webb moved and Ms. Fernandez seconded approval of the Proposal for Delphon in the amount of \$129,204.

Motion carried, 5 – 0.

### **Fresh Express Inc.**

Mr. Chan presented a Proposal for Fresh Express Inc. (Fresh Express), in the amount of \$252,720. In the 1930's, the company founder and three partners formed an ice company that supported packing and shipping fresh heads of lettuce across the country in ice-packed rail cars. In 1989, Fresh Express created the first ready-to-eat packaged garden salad available in grocery stores nationwide. Fresh Express is a major lettuce buyer in the Salinas Valley. The company brings that lettuce, and a variety of other fresh vegetables and fruits, from local farmers to its plant where it is washed, cut, mixed, bagged, chilled, and shipped. The Fresh Express plant ships an average of 30 million pounds of vegetable salad, and a substantial amount of fresh fruit snacks each month to retail stores throughout the nation.

Mr. Chan introduced Nancy Belton, Human Resources Business Partner and Steve Duscha, representing Duscha and Associates.

There were no questions from the Panel.

**ACTION:** Mr. Webb moved and Ms. Rodriguez seconded approval of the Proposal for Fresh Express in the amount of \$252,720.

Motion carried, 5 – 0.

### **JSR Micro, Inc.**

Mr. Chan presented a Proposal for JSR Micro, Inc. (JSR), in the amount of \$145,800. JSR is a chemical manufacturer of electronic materials sold to large Original Equipment Manufacturers (OEMs) in the semiconductor and related industries. JSR's products include advanced materials, specialty chemicals, and packaging materials. In addition, the company provides customer services that include research and development, design, and engineering. Customers include domestic and international companies.

Mr. Chan introduced Doug Cates, HR Business Partner.

There were no questions from the Panel.

**ACTION:** Mr. Rendon moved and Mr. Webb seconded approval of the Proposal for JSR in the amount of \$145,800.

Motion carried, 5 – 0.

### **KLA-Tencor Corporation**

Mr. Chan presented a Proposal for KLA-Tencor Corporation (KLA-Tencor), in the amount of \$424,728. KLA-Tencor manufactures yield-management and process-control solutions (machines and software) for semiconductor Integrated Circuit and related industries. Integrated Circuits are the essential components in advanced electronic products such as cell phones, PDA's, computers, telecommunications devices, automotive engine management systems, and electronic games. KLA-Tencor's manufacturing inspection systems are installed in factories worldwide. The company's products also serve the data storage, high brightness light emitting diode, photovoltaic, and other related nanotechnology-based industries.

Mr. Chan introduced James Keller, Senior Manager, LKS Training and Global Support Services.

Mr. Keller said in regards to their 46% completion rate last year, a facility in Livermore was closed and they experienced a reduction in their workforce. He said they did not have employees available to complete the training. He said they now have two new divisions, the solar panel industry and the LED industry, which will increase the amount of necessary training. He said the two new industries will increase the number of training classes they will offer and in addition, they will release new HR and LMS systems that will take the management team to another level of training.

Mr. Broad said the Panel's concern is their prior performance rate and considered suggesting bifurcating this program to see how they perform on the first half and possibly returning for the second half in the future. Mr. Keller said the new proposal is more in line with what they actually did last year and they have the availability now for more training. Mr. Broad asked Mr. Chan if it is his opinion that this company can complete the training. Mr. Chan said yes, they have worked with the consultant very closely, who provided projections and schedules, and it appears they have done the metrics, planning, and the numbers as recently as last week. Mr. Broad said the consultant needs to take some responsibility in ensuring the success of this proposal and the company must work very hard to spend the allocated money. He said the Panel wants companies to earn 100% and to be successful because that is what works best.

Mr. Rodriguez said he also was concerned about prior performance, especially with the closing of the Livermore plant, and that most companies involved in solar panel development are closing in CA because they cannot compete with China. Mr. Keller said the tools they develop are sold to the manufacturers of the solar panels. He said their company sells to those companies that produce, regardless of where they are located. With the acquisition of that company, their workforce and engineering department will require training in how that manufacturing process will change and develop the tools necessary to meet those challenges. Mr. Rodriguez asked if they design instrumentation. Mr. Keller said yes, they build inspection equipment for the companies that make the solar panels.



Ms. Fernandez asked if there has been a change in the culture of their organization that will put more of an emphasis on the training to ensure that workers sign up for the training and actually attend. Mr. Keller said they have implemented a new process where every trainee that signs up for training receives an email of class expectations along with their manager, and they are required to complete a questionnaire of their expectations and a plan for the skills they will learn. He said they follow-up with the trainees in one to two months after the training, to ask if they used the skills in the training they received so they can be sure the training is value added to the employee and to the department.

Mr. Broad announced that the quorum was temporarily lost and the vote on the KLA-Tencor proposal would be held until Mr. Rendon's return.

### **Synaptics Incorporated**

Mr. Chan presented a Proposal for Synaptics Incorporated (Synaptics), in the amount of \$119,880. Synaptics is a manufacturer of custom designed graphical, textual and auditory computer components for mobile computing, communications, and entertainment devices. Company products are used in notebook computers, PC peripherals, mobile phones, and portable entertainment devices, such as MP3 players.

Mr. Chan introduced Darryl Carson, Manager of Learning & Development.

Mr. Carson said they had a prior performance rate of 37% and they now have the support of executive management and frontline leadership to execute this proposal and they recently became ISO 9001 certified.

Mr. Broad asked if all employees will receive the extensive training outlined in the curriculum. Mr. Carson said no, the training is very specific to job function and the curriculum will be tailored to each individual job type. Mr. Broad said although they have scaled down the size of this proposal, he was concerned about their prior performance rate and wanted to be sure of their commitment to this proposal. Mr. Carson said they are dedicated to the training and have hired 90 new employees at their headquarters in Santa Clara in the recession, and experienced an increase in their workforce from 280 to 350 employees.

**ACTION:** Mr. Rendon moved and Ms. Fernandez seconded approval of the Proposal for Synaptics in the amount of \$119,880.

Motion carried, 5 – 0.

### Voting Action on KLA-Tencor Corporation

Mr. Broad asked that the Panel return to the previous proposal for KLA-Tencor, which still required a vote from the Panel with the return of Mr. Rendon.

**ACTION:** Mr. Webb moved and Mr. Rendon seconded approval of the Proposal for KLA-Tencor in the amount of \$424,728.

Motion carried, 5 – 0.

## **Kimberly-Clark Worldwide, Inc.**

Diana Torres, Manager of the San Diego Regional Office, presented a Proposal for Kimberly-Clark Worldwide, Inc. (Kimberly-Clark), in the amount of \$424,276. Kimberly-Clark is a manufacturer of various personal and home consumer products. These products include facial tissue, diapers, baby care products, bathroom tissue, wet wipes, industrial wipes, paper towels, feminine hygiene products, and medical supplies (gowns, gloves).

Ms. Torres introduced J. Stewart Van Horn, Mill Manager; Annette Magdaleno, Human Resource Specialist; and Melissa Rivera, Mill Training Coordinator and Member of AWPPW Local 672.

There were no questions from the Panel.

**ACTION:** Ms. Fernandez moved and Mr. Webb seconded approval of the Proposal for Kimberly-Clark in the amount of \$424,276.

Motion carried, 5 – 0.

## **B&B Manufacturing Co.**

Wally Aguilar, Manager of the North Hollywood Regional Office, presented a Proposal for B&B Manufacturing Co. (B&B), in the amount of \$242,190. B&B was founded in 1945 by Barnes and Barnes (father and son), and is a privately held company located in Valencia. In 1978, Ken's Precision Machine acquired B&B Manufacturing. Since 1980 the company has grown to over 200 employees and has over 115 CNC machines. The foundation of B&B is in machining various metals that produce components or parts that become part of an assembly kit that goes into planes, cars, and machines. Its products are used in aerospace, semi-conductor, military, and automotive racing industries.

Mr. Aguilar introduced Fred Duncan, President.

Mr. Broad asked if this was basically part two of a previous proposal and suggested the Panel move toward a vote. Mr. Aguilar answered in the affirmative.

**ACTION:** Ms. Fernandez moved and Mr. Webb seconded approval of the Proposal for B&B in the amount of \$242,190.

Motion carried, 5 – 0.

## **C.W. Driver, Incorporated**

Mr. Aguilar presented a Proposal for C.W. Driver, Incorporated (CWD), in the amount of \$276,390. CWD is the oldest continually active licensed builder headquartered in Southern CA. The company provides custom design, engineering, general contracting, and construction management services across a broad spectrum of industries including education, healthcare, biomedical, entertainment, retail, industrial, and government.

Mr. Aguilar introduced Lynda Hauke, Manager of Professional Development.

Mr. Broad asked if they employ construction workers. Ms. Hauke said no, they are a construction management company. Mr. Broad asked if they act as the general contractor on a construction project. Ms. Hauke said yes, they are a general contractor. Mr. Broad asked if in those instances, there would be a unionized construction workforce, and if CWD's construction management full-time workforce is not unionized. Ms. Hauke said that is correct; they have some agreements but they do not train any of those individuals since they are not employees of CWD.

**ACTION:** Mr. Rendon moved and Ms. Fernandez seconded approval of the Proposal for CWD in the amount of \$276,390.

Motion carried, 5 – 0.

### **Dreyer's Grand Ice Cream Holdings, Inc.**

Mr. Aguilar presented a Proposal for Dreyer's Grand Ice Cream Holdings, Inc. (Dreyer's), in the amount of \$424,452. Dreyer's is headquartered in Oakland (a wholly-owned subsidiary of Nestle). Dreyer's makes 60 flavors of ice cream, 11 yogurts, and 3 sherbets in different sizes and styles (regular and "light"). Products also include 18 flavors of fruit bars and a dozen ice cream novelty bars and snacks. Company brands include Grand, Slow Churned, Haagen-Dazs, Nestle, Carnation, Nestle Drumstick, Dibs, Push-Up, Frosty Paws, Eskimo Pie, Fruit Bars, Starbucks and The Skinny Cow.

Mr. Aguilar introduced Norma McFaddin, Senior People Support Generalist and Steve Duscha, representing Duscha Advisories.

Mr. Broad asked if this proposal is for the Bakersfield facility and if this is their third ETP proposal. Ms. McFaddin said yes, that is correct. Mr. Broad asked if another proposal for the Tulare facility will come to the Panel soon. Mr. Duscha said the Panel will not see any more Dreyer's proposals for a while. Mr. Broad was pleased to hear that as he said the Panel has funded a great deal of Dreyer's training in the last 4 to 5 years.

**ACTION:** Mr. Rendon moved and Ms. Fernandez seconded approval of the Proposal for Dreyer's in the amount of \$424,452.

Motion carried, 5 – 0.

### **General Mills Operations, LLC**

Mr. Aguilar presented a Proposal for General Mills Operations, LLC (General Mills), in the amount of \$298,890. General Mills operates four CA sites in Carson, Commerce, Vernon, and Lodi. The Carson plant solely produces Yoplait brand yogurt: Original, Light, Whips, Custard style, Trix, and Gogurt in several flavors. This plant is part of a larger company network that produces many familiar products such as Big G cereal, Gold Medal flour, Green Giant, Betty Crocker, and Progress Soup. The Carson facility operates 24/7 approximately 48 weeks a year,

and distributes Yoplait yogurt primarily to major retail grocery chains, wholesalers, and club stores like Costco and Sam's club in the Western United States.

Mr. Aguilar introduced Steve Schrag, Production Manager.

There were no questions from the Panel.

**ACTION:** Ms. Fernandez moved and Mr. Rendon seconded approval of the Proposal for General Mills in the amount of \$298,890.

Motion carried, 5 – 0.

### **Golden State Foods Corp.**

Mr. Aguilar presented a Proposal for Golden State Foods Corp. (GSF), in the amount of \$195,570. GSF is a manufacturer and distributor of diversified products in the food service industry. GSF's core business is processing and distributing liquid and meat food products, baked goods, and produce to more than 20,000 quick-service eateries from 20 distribution centers across the country. It is a primary supplier to McDonalds nationwide with beef patties, buns, condiments, and toppings. GSF is also a supplier and formula holder for Heinz, Hardees', KFC, Pizza Hut, T.G.I.F., Applebee's, Zaxby's, Arby's, Church's Chicken, Papa John's Pizza, Cinnabon, Bon Appetit, Mom'en, Sweedy Foods, Smiles' Grill, Roastery's, Euro Deli, Taco Bell, and Del Taco.

Mr. Aguilar introduced Amber Masri, Safety and Training Manager.

Mr. Broad asked if they hold all of the formulas for the various companies as well as manufacture them. Ms. Masri said yes, they hold the formulas and are also a supplier.

**ACTION:** Mr. Rendon moved and Ms. Fernandez seconded approval of the Proposal for GSF in the amount of \$195,570.

Motion carried, 5 – 0.

### **Pharmavite LLC**

Mr. Aguilar presented a Proposal for Pharmavite LLC (Pharmavite), in the amount of \$277,200. Pharmavite was founded in 1971 and launched its Nature Made vitamin brand in 1972. The company was purchased in 1989 and is now a wholly-owned subsidiary of Otsuka Holdings Co., Ltd. in Tokyo Japan. Pharmavite was built on the premise of producing the highest quality nutritional products in the country and, according to staff, operates one of the most sophisticated, state-of-the-art research and development facilities in the industry. Pharmavite is headquartered in Northridge and manufactures vitamins, mineral, herbal supplements, and nutritional bars. The Company has six CA plants located in Northridge, Valencia, and San Fernando.

Mr. Aguilar introduced Jennifer Murasky, Corporate Services.

Ms. Murasky addressed their 41% performance rate in their prior contract. She said they actually consider that rate a huge success because they have changed the culture in their company to a learning culture. She said they reduced the number of employees to a number they believe will meet the number of hours, have had some changes in IT, and have a training staff that is much more understanding and dedicated to administering this proposal.

Ms. Rodriguez asked if they now have a case management system. Ms. Murasky said yes, they do. Mr. Rodriguez asked if they foresee a reduction in workforce at any of their facilities. Ms. Murasky said no, they are actually growing.

ACTION: Mr. Webb moved and Ms. Fernandez seconded approval of the Proposal for Pharmavite in the amount of \$277,200.

Motion carried, 5 – 0.

### **U.S. Foodservice, Inc.**

Mr. Aguilar presented a Proposal for U.S. Foodservice, Inc. (U.S. Foodservice), in the amount of \$297,000. U.S. Foodservice is a distribution company that supplies over 350,000 national, private-label, and signature brand products to more than 250,000 customers nationwide including restaurants, educational institutions, government facilities, hotels, healthcare institutions, sport stadiums, and amusement parks. Its products range from meats, produce, and frozen foods, to restaurant equipment and supplies and include local, national, and international merchandise.

Mr. Aguilar presented Tammy Alameda, Human Resources Business Partner.

Mr. Broad asked if this proposal will include the Southern CA division for essentially similar training that was previously done for their Northern CA division. Ms. Alameda said for new hires, but it will be different training. Mr. Broad asked if prior training they received was helpful. Ms. Alameda said absolutely as it helped to reduce turnover, create additional jobs, and increase market share.

ACTION: Ms. Fernandez moved and Mr. Rendon seconded approval of the Proposal for Dreyer's in the amount of \$297,000.

Motion carried, 5 – 0.

### **Multiple-Employer Contractor Proposals**

#### **El Camino Community College District, Center for Applied Competitive Technologies (CACT)**

Mr. Aguilar presented a Proposal for El Camino Community College District, Center for Applied Competitive Technologies (CACT) ((El Camino CACT)), in the amount of \$749,850. El Camino CACT is a two-year community college offering academic and vocational education programs. The district established the Center for Applied Competitive Technologies to advance California's economic growth and global competitiveness through education, training, and services that

contribute to continuous workforce development, technology deployment, and business development. The college provides customized training, workshops, and technical assistance to companies through its Workplace Resource Center and the Center for International Trade located at the El Camino facility in Hawthorne.

Mr. Aguilar presented Deborah Imonti, ETP Training Coordinator.

There were no questions from the Panel.

**ACTION:** Ms. Fernandez moved and Mr. Rendon seconded approval of the Proposal for El Camino CACT in the amount of \$749,850.

Motion carried, 5 – 0.

### **Workforce Development Corporation dba Southeast Los Angeles County Workforce Investment Board**

Mr. Aguilar presented a Proposal for Workforce Development Corporation dba Southeast Los Angeles County Workforce Investment Board (SELACO WIB), in the amount of \$749,817. SELACO WIB is a non-profit organization formed pursuant to the federal Workforce Investment Act of 1998, Section 121(c). It is governed by elected officials under a Joint Powers Agreement in coordination with private sector representatives including business owners, labor unions, corporate executives, various CA state agencies, community-based organizations, public assistance agencies, rehabilitation, economic development, and public education agencies.

The SELACO WIB works collaboratively with employers, economic development agencies, and labor organizations to address the challenges of business growth and employee retention. The objective of these cooperative efforts is three-fold: 1) determine the occupations predicted to be most in demand in the coming years in the region; 2) ascertain the education and skills requirements for those occupations; and 3) identify the training and educational vehicles needed to cultivate desired proficiencies.

Mr. Aguilar introduced Larry Lee, Business Services Manager and Kevin Kucera, WIB Board Member.

There were no questions from the Panel.

**ACTION:** Ms. Fernandez moved and Mr. Webb seconded approval of the Proposal for SELACO WIB in the amount of \$749,817.

Motion carried, 5 – 0.

### **Amendments**

#### **Studio Arts, Ltd.**

Mr. Aguilar presented an Amendment for Studio Arts, Ltd. (Studio Arts), in the amount of \$50,254. Studio Arts is a private training company for high-tech, computer-based software and hardware for the motion picture, television, and post-production industries.

Mr. Aguilar introduced Eric Huelsman, President/CEO.

There were no questions from the Panel.

**ACTION:** Ms. Fernandez moved and Mr. Rodriguez seconded approval of the Amendment for Studio Arts in the amount of \$50,254.

Motion carried, 5 – 0.

## **X. REVIEW AND ACTION ON STRATEGIC PLAN 2011-12**

Jill McAloon, Chief of Administration, provided a brief overview of the proposed Strategic Plan for FY 2011-12. Ms. McAloon said in addition to information on the program and the organization, the Strategic Plan includes an economic overview; priority industries; workforce trends; strategic initiatives; strategic alliances; administrative strategies; updated goals and objectives; and ETP's budget.

ETP annually identifies priority industries that are most vital to California's economic growth and in the current climate, economic recovery. Employers in identified priority industries receive a higher reimbursement rate for ETP-funded training, and ETP concentrates much of its outreach effort on those industries. While ETP's priority industries have not changed from what they were in the previous Strategic Plan, ETP's designation of them for FY 2011-12 takes into account changes in the overall economy, as well as other factors integral to California's economic recovery. Priority industries include green/clean technology; manufacturing; allied healthcare; construction; goods movement and transportation logistics; information technology services; biotechnology and life sciences; multimedia/entertainment; and agriculture.

The Plan also identifies several workforce trends associated with the current economy, including on-the-job (OTJ) and talent transfer training; special populations; sector strategies; and partnerships.

Ms. McAloon said the Plan identifies a number of ETP strategic initiatives such as: alternative funding; green technology; alternative and renewable fuel and vehicle technology program (ARFVTP); nursing and allied healthcare; career technical education (CTE); support for veterans; small business; and enhancing the role of multiple employer contracts (MEC).

To maximize its limited funding, ETP will continue to:

- Incrementally encumber training funds to cover first year costs and mitigate the second year liabilities.
- Implement funding priorities established by the Panel.

In order to maximize funding in FY 2011-12, the following funding limitations will be imposed:

- Single-employers (priority industry) capped at \$500,000
- Single-employers (non-priority industry) capped at \$400,000

- Job creation - retrainee capped at \$600,000
- Critical proposals capped at \$750,000
- Multiple employers capped at \$750,000
- Small business projects capped at \$50,000
- Fast track projects capped at \$100,000

Lowest priorities will be assigned to for-profit training schools; new-hire truck driver training; new-hire security guard training; retraining for employees of training agencies; and all training in the adult entertainment industry.

A moratorium is imposed on first-time training agencies (not including non-profit schools such as Community College Districts).

Ms. McAloon listed the six goals and objectives of the Strategic Plan:

- 1) Enhance the visibility of the ETP program through partnerships
- 2) Target California's key and emerging industries
- 3) Continue support for small businesses
- 4) Support hard-to-serve populations through pilots and initiatives
- 5) Continue efforts to enhance ETP's impact on job creation and retention
- 6) Increase the efficiency and effectiveness of the ETP program

Ms. McAloon said in conclusion, staff is recommending Panel approval of the FY 2011-12 Strategic Plan, with direction to staff to incorporate any requested changes and Delegation of Authority to the Executive Director for final approval, prior to submittal to the Administration and Legislature.

Mr. Broad suggested adding, which he noted did not need to be incorporated into the Plan, that staff outreach to entities that handle Veterans services especially since many will be returning from Iraq soon, and said there is a continued higher unemployment rate for Veterans. Mr. McMahan said staff has been fairly aggressive in the last few years, in trying to identify every conceivable Veterans group that could work with ETP to develop a project and some of the issues that arise. He said much of the training targeted toward Veterans is entrepreneurial-type training before they have an employee and are paying into the Unemployment Insurance fund to establish their eligibility. Staff is encouraging, particularly on some of the large MEC contractors, to include a Veterans job group where they actually assume the risk of working with ETP to target Veterans. He said staff will continue to look at creative and different ways to generate Veterans projects.

Mr. Rodriguez said the U.S. Department of Labor had a joint agreement with EDD to fund specific Veteran outreach from their one-stops and asked if they are providing any data. Mr. McMahan said staff works closely with EDD on many of their Veterans projects and hopes that through the new Interagency Council, that ETP can establish stronger relationships with multiple agencies.

Mr. Rodriguez suggested a change be made to the Plan under the ETP priority industries. He said there are currently separate bullets for green technology and biotech and life sciences. He said biotechnology life sciences stand alone and the University of CA is becoming involved



in bio fuels. He suggested that under clean technology, that a sub-group should be added specifically for bio fuels and renewables. He said bio fuels and renewables will essentially be the future of CA, there has been a rapid investment in this industry, and it is mostly associated with small-to-medium sized companies.

Mr. Rodriguez said that in 2009 when the Governor created a digital arts studio partnership, there has been some ambiguity in terms of its mission, purpose and how to achieve it. He said it is important to clarify what they are supposed to be doing because post-production in CA is essentially moving out-of-state to Canada. He said there is a great opportunity to offer technical training for students who do not plan to attend college, but are involved in a digital arts program at the high school level and already have obtained significant skills. He said there seems to be a void of what happens to those students who leave high school with these technical skills, their job opportunities, and where they go. Ms. McAloon asked if he would like staff to include a notation to digital arts in the Plan. Mr. Rodriguez said yes he would like it to be included in the Plan and believes there has been no real data in capturing who is involved in digital works and said it has been more subjective than objective. Mr. McMahan suggested narrowing down further, the types of training outcomes associated with that initiative. He said he did not know whether it was necessary to alter the draft Plan at this point, but said it could certainly influence the types of projects that we seek and could be incorporated into next year's Strategic Plan. Mr. Rodriguez agreed with Mr. McMahan's suggestion but said it is his observation that the two paragraphs are not very specific and meaningful to him, and he suggested expanding them. Ms. McAloon asked are we in agreement that staff can move forward in incorporating digital arts into next year's Plan. Mr. Rodriguez said yes. Mr. McMahan encouraged Mr. Rodriguez to submit language to expand his thoughts on this subject. Mr. Rodriguez said yes, absolutely.

**ACTION:** Mr. Webb moved and Mr. Rendon seconded approval of the FY 2011-12 Strategic Plan, with direction to staff to incorporate any requested changes, and with Delegation of Authority to the Executive Director for final approval, prior to submittal to the Administration and Legislature.

Motion carried, 5 – 0.

## **XI. PUBLIC COMMENTS**

Steve Duscha, representing Duscha Advisories, said he was very pleased to hear of Barry Broad's recent official Chair appointment by Governor Brown to the ETP Panel.

## **XII. PUBLIC MEETING ADJOURNS**

**ACTION:** Mr. Webb moved and Mr. Rodriguez seconded meeting adjournment at 11:56 a.m.

Motion carried, 5 – 0.