



**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**
New City Hall
915 "I" Street
Council Chambers, Room 1103 – 1st Floor
Sacramento, CA 95814
September 20, 2013

PANEL MEMBERS

Barry Broad
Chair

Janice Roberts
Vice-Chair

Gloria Bell
Member

Sonia Fernandez
Member

Michael Hart
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 9:36 a.m.

II. ROLL CALL

Present

Panorea Avdis (on behalf of Kish Rajan)
Barry Broad
Sonia Fernandez
Mike Hart
Edward Rendon
Janice Roberts
Sam Rodriguez

Absent

Gloria Bell

Executive Staff Present

Jill McAloon, Acting Executive Director

III. AGENDA

Mr. Broad said staff received a request to move Tab 28, Finishing Trades Institute of District Council 36 JATTF, to be presented first and out-of-order due to travel needs.

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

Motion carried, 6 – 0.

IV. MINUTES

ACTION: Ms. Roberts moved and Ms. Fernandez seconded the motion that the Panel approve the Minutes from the August 23, 2013 meeting.

Motion carried, 6 – 0.

V. REPORT OF THE ACTING EXECUTIVE DIRECTOR

Jill McAloon, Acting Executive Director, said today we have our standard mix of both single and multiple employer projects and three of our regional office managers are here to present proposals: Rosa Hernandez, Creighton Chan and Diana Torres. Wally Aguilar, North Hollywood Regional Office, is joining the meeting via teleconference. She said Peter Cooper, Assistant Director, will present our consolidation effort. Labor Agency is exploring a consolidation of workforce development programs under one enterprise system for the purpose of policy alignment and administrative efficiencies. Also, ETP’s California Workforce Services Network (CWSN) project managers, Tara Armstrong and Mario Maslac, will provide an update of the development of ETP’s new system that will combine the functions of the Internet and the MIS into one system. This is ideal because our current system is antiquated and riddled with problems and it is currently occupying all of our IT resources.

Regarding the budget, should the Panel approve all of the projects before it today it will have approved approximately \$6.9M in projects, leaving \$53.5 for the remainder of the Fiscal Year (FY). To date we have spent \$4.1 in SET funds, resulting in \$10.8M available in the remainder of the FY. Our only source of alternative funding is the Alternative and Renewable Fuel and Vehicle Technology Program, through our partnership with the California Energy Commission. We have \$3M available this year and at the August Panel meeting, the Panel approved \$615,000, leaving \$2.2M for the remainder of the FY.

Regarding legislation, there are no new bills to report since our last Panel meeting but two bills are waiting for the Governor’s signature.

SB 118 (Lieu S) Unemployment Insurance: Education and Workforce Investment Systems

This bill directs the California Workforce Investment Board to assist the Governor with the alignment of education and workforce investment systems for the purpose of promoting and developing an educated skilled workforce. The bill encourages state and local WIBs to collaborate with public and private institutions including ETP for the purpose of aligning resources, across workforce education and training delivery systems.

AB 10 (Alejo D) Minimum Wage: Annual Adjustment

This bill is awaiting signature of the Governor and it requires that minimum wage be no less than \$8 per hour. The new bill would increase the minimum wage in two one dollar increments. After July 1, 2014, it would be increased to not less than \$9 per hour and after January 1, 2016; it would be increased to not less than \$10 per hour. A \$10 per hour minimum wage boost is about a \$4,000 average boost and that would put \$2.6 billion dollars back into the hands of workers. The Governor strongly supports this bill and will likely sign it shortly.

VI. MOTION TO ADOPT CONSENT CALENDAR PROJECTS/ACTION

Ms. McAloon asked for a motion to adopt Consent Calendar Items #1 through #20. Ms. Roberts noted that 85% of the Consent Calendar is new contracts and said it was great to see more companies involved in ETP.

3D Data Com.....	\$16,380
CD Listening Bar, Inc.	\$41,360

Core-Mark International, Inc.	\$99,112
Eco. Logic Brands Inc.	\$73,840
Five Star Gourmet Foods, Inc.	\$49,504
Georgia-Pacific Corrugated LLC.....	\$96,768
Kraco Enterprises, LLC	\$98,592
Nanovea, Inc.	\$20,800
NeoPhotonics Corporation	\$99,980
Nissin Foods (U.S.A.) Company, Inc.	\$99,840
Owen & Company dba Owen-Dunn Insurance Services	\$79,860
Phoenix Energy Technologies, Inc.	\$33,020
Sage Software, Inc.	\$80,400
STERIS Inc.	\$54,392
The Nutro Company	\$99,630
Valley CORF, Inc.	\$18,920
Veba Administrators, Inc. dba United Retirement Plan Consultants.....	\$40,800
Webmarketing 123, Inc.	\$32,760
Western Hydrostatics, Inc.	\$32,760
Worldwide Aeros Corp.....	\$33,800

ACTION: Ms. Roberts moved and Mr. Hart seconded approval of Consent Calendar Items #1 through #20.

Motion carried, 6 – 0.

VII. PRESENTATION ON CONSOLIDATION EFFORT

Peter Cooper, Assistant Director, said before he discusses the consolidation effort, he wanted to announce that Robert Meyer has been named Director of ETP’s marketing unit and he will be taking over those functions. This will open another position to hire a staff person for marketing and we are currently considering whether that position would be in Southern California or in the Bay Area. Additionally, we are on the cusp of entering into two contracts for marketing to augment our marketing capacity. One contract is with the California Labor Federation and the other is with California Manufacturing Technology Consulting, and they will both have a strong focus in Southern California. He said he was excited about those contracts and that next month Robert Meyer will present more details about those contracts, as well as providing a brief overview of where we are headed with marketing.

Mr. Cooper said the Labor & Workforce Development Agency (LWDA) is exploring the feasibility of consolidating the LWDA workforce programs under one single enterprise and management structure organized under EDD. This will have direct reporting relationships to the LWDA Secretary. This is obviously important for ETP so we do not lose our autonomy as a department. He said there are many pros and some cons with this consolidation, but mostly pros that he sees from this move. He said LWDA’s workforce programs that will be consolidated include not only ETP, but also the EDD Workforce Services Branch and the California Workforce Investment Board (CWIB). While the Division of Apprenticeship Standards, (DAS), will not likely move physically their Sacramento headquarters in the near term, they are part of this effort. He said there are a team of folks looking out for our interests and the consolidation is being spearheaded by Brian McMahon, Undersecretary of LWDA. Mr.

Cooper said he is the primary single point of contact (SPOC) for ETP, and Jon Bohart, a retired annuitant, who has much experience in this field, is working closely with me, Brian McMahon, and Jill McAloon, who is also on the steering committee. He said with the consolidation, the goals are to improve policy and program coordination and implementation and also find opportunities for service and delivery integration. He said we realize that there are opportunities for cost savings around leases as we make the physical moves and also administrative efficiencies.

For this purpose, ETP has five functional groups to look at some of these efficiencies and cost savings. HR, administration and operations is one of the functional groups, IT is another and there are three others that will not see as many savings but those include legal, legislative and communications. He said he believes this will be very positive, especially in marketing efforts that ETP will be able to leverage some of the outreach and capacity that the LWDA groups have. The CWIB, for example, if we are trying to market in an area with the local WIB or a one-stop center, they currently do not have ETP logos on their website. They don't have a real good understanding of what ETP does at the local level, so this will help us to reach into those regions and localities. That is just one example but there are many ways that this coordination will help ETP.

Mr. Cooper said we are at the concept preliminary phase of the consolidation and are collecting data and working these functional groups. We are going to begin with a Program Implementation Document (PID) and this is really the first step in the process to see if it is a go and really feasible. From there that information would be incorporated into a Budget Change Proposal (BCP) that would be part of the January Governor's budget. That is the first phase; after the budget we shift gears into an implementation phase in the spring if this goes forward. He said it will require much more staff time as we get to the details of what this would look like for us. He said a later phase would consolidate ETP's field offices by co-locating them with some of the EDD offices.

Mr. Cooper said he would like to discuss the guiding assumptions for this effort. He said the executive officers within these organizations directly report to the Secretary of LWDA. The consolidation within the larger enterprise will neither alter nor negatively affect the statutory functions and operations of the appointed boards and councils they support. This is obviously very important for us to make sure that as we go through this, we have our eyes open and understand that as staff reporting to the Panel, we are not reporting to EDD, so that is clear as well as some of the other programs have similar situations. The CWIB reports to their Board and the DAS reports to the California Apprenticeship Council, so they have statutory requirements as ETP does, and Brian McMahon is well aware of that to ensure it is not compromised in any way.

With delivery of services, there are a couple of guiding assumptions going forward that LWDA has made clear. The delivery of services to employers or workers will not be diminished or compromised. There will not be any intended layoffs associated with the consolidation. There may be areas where some of our staff will be working under the new enterprise at EDD, such as our IT or HR units where it just makes a lot of sense, and then we retain some of those functions that are specifically focused on the needs of ETP.

As far as input from other departments, I have to hand it to LWDA in getting input from the managers in these different workforce development programs and functional groups. It has been a challenge to try to help coordinate our input, but I think it is important because they understand what this might mean as we get further along in this process. We have the Department of Finance's (DOF) support for this consolidation and Brian McMahon is working closely with the DOF. The Governor's office endorses this consolidation and Marty Morgenstern, the Secretary of LWDA, is supportive of this consolidation concept and we are moving in this direction. He said he would provide the Panel with periodic updates of the consolidation over the next couple of months.

Mr. Rodriguez arrived at 9:53 a.m. and was present for the remainder of votes.

Mr. Broad asked who is in charge of the overall consolidation. Mr. Cooper said Brian McMahon is overseeing it and he has hired Ray York, a retired annuitant, who is the project coordinator. He said he is the primary point of contact at ETP. Mr. Broad asked if the consolidation involves physically having these entities in one location. Mr. Cooper said yes, it does. Ms. McAloon said ETP is moving back to our roots at the old EDD building. Mr. Broad asked, beyond moving, what does this consolidation involve? Mr. Cooper said beyond moving, there will be functions that ETP currently does. Mr. Broad said as in IT type functions? Mr. Cooper said yes, IT could be done within EDD, and LWDA already has an IT unit at EDD, so probably most if not all of that staff will be working for EDD, and then we will just utilize those services. Ms. McAloon said, also administration and business services since ETP has an MOU currently with EDD to provide many of those functions now. She said the idea would be that the teams for each of the departments that are being consolidated talked about what functions absolutely stay in-house and which ones will be absorbed by EDD. Ms. Roberts asked if this process will be seamless to our contractors and employers with the move. Mr. Cooper said that is why we are phasing it in and said the IT functions are already well on their way to integration. Ms. Roberts asked if the general public is concerned about the consolidation. Mr. Cooper said the people that care about the consolidation are primarily the employees of ETP, but from the Panel's point of view, nothing should change. The Panel will have the same authority that will not change, and for the contractors, that should not change either. Ms. McAloon said eventually the three regional offices would physically move into other locations in phase two of this consolidation.

Mr. Rodriguez asked who is leading the consolidation effort. Mr. Cooper said Brian McMahon is leading the effort. Mr. Rodriguez asked who is leading the budget effort, especially with the different funding sources. Mr. Cooper said we have a functional team from ETP that includes our HR and fiscal managers, and they are working under the guidance of Ray York, the project coordinator. They will put together a preliminary document of what the resources are currently, and what the functions are, and what it might look like in the future. These findings will be brought back to the Steering Committee, and both Jill and I are part of that Committee. Mr. Rodriguez asked if this is a consolidation process or strategic planning process. Mr. Cooper said they call it a consolidation, but it is not a true consolidation because we are already under the auspices of LWDA. We are physically moving so we will see that efficiencies will come with that. Mr. Broad asked if ETP is moving to where LWDA is currently located. Mr. Cooper said yes, that is correct. Mr. Broad said they have an auditorium there, that we may be able to utilize for future Panel meetings. Mr. Cooper said yes, that is a good idea. Ms. McAloon said it is possible that we may utilize the auditorium at EDD. Mr. Broad asked when we could expect the physical move to happen. Mr. Cooper said if it goes into the budget and we begin to implement

in the spring, then it would depend when our leases are up, so I would say not before the end of 2014 or early 2015 at the earliest. Mr. Broad asked Mr. Cooper to please keep the Panel informed of the consolidation process.

VIII. REVIEW AND ACTION ON PROPOSALS

Finishing Trades Institute of District Council 36 JATTF (presented out-of-order)

Rosa Hernandez, Manager of the Sacramento Field Office, presented a Proposal for Finishing Trades Institute of District Council 36 JATTF (Institute), in the amount of \$723,168. The Institute provides training for apprentices and journeymen in this trade group. Institute facilities are available for workers represented by local unions under IUPAT District Councils on a nationwide scale. District Council 36 represents 8,000 members.

Ms. Hernandez introduced Jesus Fernandez, Administrator and Steve Duscha, representing Duscha Advisories.

Ms. Roberts said it is positive to hear that they anticipate earning 100% in their active project, but was concerned about the funding amount of this proposal as they were requesting seven times more funding than their last proposal. She said 100% on \$10.00 is going to be different than 100% on \$250.00. She asked if he has extra employees to help with this proposal, and said they do not have a good track record. Mr. Fernandez said one of the major differences is that they are including apprentices in this proposal that are currently enrolled in the system. He said they have about 800-900 apprentices and that will allow them to do a lot more training and especially the maritime. The new requirement to work in the military base will take many hours of training, approximately 200-240 hours, just to train for the maritime so they are confident they will be able to complete this proposal. Mr. Duscha said nearly all the additional money is in the training for apprentices, which was not in the previous contract. He said in the journeyman job number, half of that represents the training that was completed in the previous contract and the other half is for the displaced workers from the San Onofre Nuclear Generating Station, so we think this is quite doable. Ms. Roberts asked if they have any extra staff to support this effort. Mr. Fernandez said they have about 30 instructors that will assist with this effort. Mr. Broad asked if the displaced workers from San Onofre were already in the trade. Mr. Fernandez said the displaced workers are with the workforce painters who are already existing members.

Mr. Rodriguez asked about the commitment on the maritime workers, and the number of positions available. Mr. Fernandez said according to the contractor, there are at least 60 positions immediately available and he is looking to build a workforce of about 350 in Southern CA.

ACTION: Ms. Fernandez moved and Ms. Roberts seconded approval of the Proposal for Institute in the amount of \$723,168.

Motion carried, 7 – 0.

Single Employer Proposals

Los Alamitos Medical Center, Inc.

Ms. Hernandez presented a Proposal for Los Alamitos Medical Center, Inc. (LAMC), in the amount of \$172,500. LAMC offers 24-hour emergency room patient services. Specialty

services include: cardiac care; cardiac cath lab; cardiac rehab; radiation oncology; diagnostic imaging services; orthopedic surgery; general and vascular surgery; intensive care; geropsychiatric care; ophthalmology; gynecology; ear; nose and throat; urology; obstetrics (OB); and labor and delivery with a birthing center.

Ms. Hernandez introduced David Johnson, Director of Education.

Mr. Broad said it just so happens that in his professional life he represents the Jockeys' Guild, and they take those jockeys when they are injured at Los Alamitos, to your emergency room. The track tells us that you are a first class trauma center, but my understanding is that you are not; are you or aren't you? Mr. Johnson said there are four designated trauma centers in Orange County and they are not a trauma center. He said their location though is in Los Alamitos and right next to the track. The way Orange County's EMS system is set up, unless the person receiving the care was designated at the scene as a trauma patient, they would go to the nearest paramedic receiving center, which would be Los Alamitos. Mr. Broad said so we are talking about their situation, where people have died and these are serious head and spine trauma accidents, do you handle those normally or do they get transferred somewhere else? Mr. Johnson said without getting into too much detail about Orange County's tiered EMS system for traumas, which is a little different from the other counties, Orange County has moderate trauma and critical trauma tiers and critical trauma would go to the nearest designated trauma center. Mr. Broad said which isn't you? Mr. Johnson said no, which is not us; they may even go to Long Beach Memorial, which is a critical trauma center but they could receive moderate trauma victims and that does require training. Our emergency room does receive training in neuro and spine trauma. Mr. Broad said that is good to know, because it has been an ongoing issue because that track reports to us that you LAMC can take care of everything and we are not so convinced that is in fact the case. He asked if there is any possibility that LAMC could become a critical trauma hospital. Mr. Johnson said probably not, only because of Orange County's size; it would be difficult to get another trauma center in there.

ACTION: Ms. Roberts moved and Mr. Hart seconded approval of the Proposal for LAMC in the amount of \$172,500.

Motion carried, 7 – 0.

Mountain View Child Care, Inc. dba Totally Kids Specialty Healthcare

Ms. Hernandez presented a Proposal for Mountain View Child Care, Inc. dba Totally Kids Specialty Healthcare (MVCC), in the amount of \$293,506. MVCC is a long-term facility for developmentally disabled children dependent on around-the-clock medical care. MVCC operates two facilities in California; one in Los Angeles and one in San Bernardino.

Ms. Hernandez introduced Larry Meissner, VP, Human Resource and Corporate Services and Ray Anderson, Founder and Senior Business Advisor, representing Anderson Business Coaching.

Ms. Roberts commended them on earning 100% on their last proposal and noted they had a close to 20% turnover rate and they were still able to accomplish that, so that is a big deal. So the 20%, maybe there are 40 people based on your population that had turned over, so were

they mostly CNAs that turned over? Mr. Meissner said most of their staff includes CNAs, LVNs and respiratory therapists, so their turnover is in those areas. Ms. Roberts asked if their turnover is due to leaving to work at another facility. Mr. Meissner said yes, most likely and some of them may go on to school. There are also some CNAs that have gone on to get their licenses as LVNs.

Ms. Avdis asked how much they anticipate spending on their administrative services, as it states that cost is to be determined. Mr. Meissner asked if she was referring to the administration of the proposal itself. Ms. Avdis said yes. Mr. Meissner said they are still discussing with Mr. Anderson, how much his team will be involved and how much of this they will do themselves. Ms. Avdis asked if they have set a maximum amount. Mr. Meissner said less than what Mr. Anderson wants, and they are still discussing it. Mr. Anderson said as a point of reference, they were helpful in getting their 95% last time.

ACTION: Ms. Roberts moved and Mr. Rodriguez seconded approval of the Proposal for MVCC in the amount of \$293,506.

Motion carried, 7 – 0.

nanoPrecision Products, Inc.

Ms. Hernandez presented a Proposal for nanoPrecision Products, Inc. (nPP), in the amount of \$208,000. nPP is a high-technology, precision manufacturing company with 40 employees and two locations in California: the product development center in Camarillo; and the prototyping and manufacturing center in El Segundo. The Company makes ultra-high precision products for the medical, telecommunications, and military/aerospace industries.

Ms. Hernandez introduced Robbie Slemeker, HR Manager.

Mr. Rodriguez asked about nano scaled tolerance manufacturing. Ms. Slemeker said it is a fiber optic inter-connect and is one of their lines. There is a glass solder process and they have to use a microscope in order to cut it, as it is extremely tiny. Ms. Slemeker said and the tolerances that we get are just amazing so when we do new hires we are looking for very experienced people to manufacture in our organization, tooling people, and they need training. They might be outstanding folks but they require training to learn how we do it. Mr. Rodriguez asked who some of their customers are. Ms. Slemeker said some of their customers are the government, they have an R&D contract with the Department of Energy, the Navy, and telecommunications is their first contract. Mr. Rodriguez asked if their workers are coming from all throughout the country. Ms. Slemeker said they try to use California workers, but their PHD staff was initially from all over to gain the variety of skills that they needed, but she recruits primarily in Southern CA and they have two facilities in Camarillo which is their highly technical area and a manufacturing facility in El Segundo.

Ms. Roberts said they pay high wages which is really great, and have PHDs working, and I always think nano is very high skilled work. She asked about the logistics of this proposal with the 50 people requiring training in this proposal. Ms. Slemeker said we have two years to complete it and in their last contract, they trained in nine months and that proposal was for \$50,000; but we have a much longer time to train this time around. Ms. Roberts said and I'm

glad to hear that you think ETP it is very easy process because I believe that compared to other states, it is a pretty simple process. She said in order to train all 50 people in 200 hours of training; I would think you would have to shut down your whole plant to get people trained. Ms. Slemeker said no, they will not have to do that and it does not work like that. She said they just built a 500 square foot training room in their El Segundo facility so there is no travel to train. Some of the training is on the line and some of it is in the classroom, so it is their company commitment to do the training and they would be training regardless. Ms. Roberts said so it is not all classroom training and there is some productive lab too. Ms. Slemeker said yes, that is correct.

Mr. Rodriguez said they have Department of Energy Office of Science grants because they collaborate with some universities and asked if they have a sophisticated case management system for fiscal. Ms. Slemeker said their chief technical officer was a ten year professor at George Washington University, and when he joined their company he made a great commitment to move his family to work for the company. Mr. Rodriguez asked if the company is in any position to be bought and taken somewhere outside of the country. Ms. Slemeker said no, they are doing their manufacturing here, which was the commitment.

ACTION Mr. Rodriguez moved and Ms. Roberts seconded approval of the Proposal for nPP in the amount of \$208,000.

Motion carried, 7 – 0.

Arlon Graphics LLC

Diana Torres, Manager of the San Diego Regional Office, presented a Proposal for Arlon Graphics LLC (Arlon Graphics), in the amount of \$270,000. Arlon Graphics is a cast vinyl film manufacturer. It formulates, casts, coats, converts, packages, and sells its vinyl film through its own distribution network to customers located worldwide. In addition Arlon Graphics designs and manufactures materials that meet specific customer needs including: visual impact for graphics; special laminates used as electrical insulators in motors and generator gaskets; weather stripping and window glazing; durable paper; thermal shields; adhesive systems for medical products; and films for solar connectors.

Ms. Torres introduced Lynn Levoy, HR Director and Donna Bartlett, CEO, representing Spectra Consulting.

Mr. Rodriguez asked if they are identifying new occupations in the work they are doing. Ms. Levoy said no, they are bringing on a new production line which is similar to their production lines, but with a new machine there is always a need for training, but it won't be a new position. Mr. Rodriguez asked if everything is done within existing workforce occupations in a pipeline of new hires into those occupations. Ms. Levoy said yes, that is correct.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the Proposal for Arlon Graphics in the amount of \$270,000.

Motion carried, 7 – 0.

Mr. Broad said I want to make a point here to my fellow panelists, the contractors, and consultants. We are starting to see a lot of Productive Laboratory (PL) which is on-the-job training, which can be good but it also can be easily abused. It has been abused a lot in the past and we had to clamp down on it. I'm just starting to think that we are probably going to have to restrict it again because the problem is we are not going to pay employers to watch their workers do their work. Because that is just not training, that is the taxpayers paying the employers to do what they normally do. I don't know what the appropriate balance is, but I'm getting the sense we are going to have to start taking a look at it again because we saw a lot of it. For example, in the Amazon proposal last month, there was a lot of it and in Amazon's warehouse, watching people do warehouse work to make sure that they are meeting the quotas they have so that they don't get fired for working too slow. That is not training, that is just the employer doing their thing on our nickel. On the other hand, you have to see that people can do the work processes and train them to do the work processes, but the less skilled the work is and the more PL there is, the more it becomes problematic. I am just bringing this to everyone's attention; call that the first gentle shot across the bow, but I've often commented that we are just the little Dutch boy, that is really our goal up here to put the finger in the dike when the water starts flowing down stream in a new way or in this case a new old way.

Quality Discount Ice Cream Distributors, Inc.

Ms. Torres presented a Proposal for Quality Discount Ice Cream Distributors, Inc. (Quality Ice Cream), in the amount of \$156,600. Quality Ice Cream distributes ice cream products to small and medium size retail businesses in California, Arizona, Nevada and Utah. The company has steadily grown from a small mobile ice cream vending operation to a wholesale distribution and delivery enterprise. In addition to ice cream distribution, the company also places, maintains, and refurbishes ice cream freezers at its warehouse in Vista.

Ms. Torres introduced Richard Navarro, Director of Sales QDI.

Ms. Torres said when Quality Ice Cream came to the Panel for its first agreement; it was actually one of the first proposals that had PL training. Staff was a little concerned because it was something new for ETP in regards to where the PL training would take place, which is with sales, basically out in the field. So we went forward and were able to ask the right questions and coming forward with this proposal; we made it very clear that we wanted the PL to be structured and not just someone doing their job or someone going along with them on a route and watching them doing their job. So they addressed those concerns and have hired a quality assurance director. Mr. Navarro said yes, they actually created a new position, a training and quality assurance director, who has put together a curriculum for their training for their growth needs for the next two years. He is at a director level and has put together a pretty comprehensive plan of their training, which we have shared. Ms. Torres said we basically asked them to ratchet out and make sure it is structured and not just somebody doing their job or watching someone do their job, that it was actually structured training. Mr. Broad said yes, I think it's great to hear that staff is aware of this issue because obviously it is contextual and it depends on the particular situation where they are introducing new sophisticated equipment. But going back to the Gerawan proposal, if we are watching people pack the nuts faster and that's the job and that's it, and there is nothing sophisticated about it, and if there are multiple hours of PL there is something wrong, right? I think that is going to have to be an individual analysis by staff about when PL is appropriate. I think you have to use your considerable

knowledge and radar about when it is real and when it is potentially not. Ms. Torres said right, and that's why we ask a lot of questions. Mr. Broad said right, otherwise we are definitely going to have to come up with some rule that it is going to try to fit everything into some limitation that is then going to be stressful, so the more that staff looks at it and tailors it, including saying no, the better. There are situations where PL is appropriate if you are introducing real complex new equipment and training people. But if it is not complex, even if it is new equipment, then the PL can be a very small part of it and then it is appropriate, but really after that it is just paying the employer to do what the employer does.

Ms. Roberts said yes, so going back to what Mr. Broad mentioned, you have 10 trainees per instructor, but yet they are out selling their goods, so how are you going to have this one instructor overseeing ten employees as they are out in the field. Mr. Navarro said that is a good question, and they actually have a small staff working under the director of training of quality assurance helping coordinate that training with their branch managers and their managers in the field. He said they are also utilizing Unilever to help them and the new software they had to bring into their structure. Integrisis is the name of the company, and they are utilizing them for their technical training that needs to be done with the mini I Pads that our staff uses to write orders and submit/transfer orders in their day-to-day business versus the old method of regular handhelds. He said there is much more that they can do with the software that has been brought into their company and Unilever has actually demanded them to be part of this concessionary contract. Ms. Roberts said so it is remote training, corresponding with somebody on their I Pad? She was trying to understand how one person would oversee all of the sales people out on the trucks. Mr. Navarro said there are two different parts to their business. The pre-sale reps that go in and write the orders for the customer but they also merchandise. They deal with the customer, any challenges, and those are the people that are in newer positions in their company because it used to be just to send a truck where we have customers and try to get deliveries made. So these individuals will be trained by the training and quality assurance department and the people that work under our director of training and quality assurance and we are also utilizing people from Unilever. We have to pay for people from Integrisis to come and help train for the new software that we are using as well as all the assets that we have. He said they have over 6,000 assets in the field in Southern CA, and it is new software that they use for freezer tagging to account for all of their assets. It sounds pretty simple, but it is pretty complex and in order for them to train people, it really does have to be in the field because with distribution's very slim margins, they cannot afford to take people out of the field and pulled off routes or they would lose money every day. That is the reason they have on-the-job training. Ms. Roberts said her company has one of the largest fleets in the world so she understands the logistics part of it. She said but when you think about it, she would rather have someone working one-on-one with somebody in the field then having somebody remotely working with ten people out in the field. Mr. Navarro said it is not remotely, they are in the field with the person. Ms. Roberts said but that is not what I am reading from the ETP 130 because you are saying 50% of this contract is going to be PL, is that correct? Mr. Navarro said I believe so, but I think it is referring to the training that is going on with our route department as well. He said the new software they are bringing in is changing the way they structure their routes and distribution, so it is not just the pre-sale reps and the delivery drivers that are being trained, there is quite a bit of training in the administrative side. Ms. Roberts said that I can understand; you are in a classroom and that is great. She said going back to what Chair Broad mentioned that there is abuse of PL when we pay people to go out and sell product without having any overseeing of their skill development and if we are just paying somebody to remotely talk to someone on their I

Pad. Mr. Navarro said no, they are with them training them in the field. Ms. Roberts said she is asking that because her materials state they have ten trainees per one instructor. Ms. Torres said right, that is no more than ten trainees, but that just refers to our PL chart. Mr. Navarro said it's the ratio. Ms. Torres said it is one-on-one training typically. Mr. Navarro said yes, it has to be one-on-one training; they go along on route rides and train them one-on-one. Ms. Roberts said that is what I was getting to. Mr. Rodriguez asked if they have 100 employees in the company. Mr. Navarro said they have 110 employees. Mr. Rodriguez said you are the director of QDI, what does that stand for? Mr. Navarro said he is the director of sales. Mr. Rodriguez asked how many employees are classified as sales employees out of their total 110 employees. Mr. Navarro said about 54 are sales employees, but it is called sales distribution because they are sales but also part of their distribution model; it is not just going out and trying to get new business.

ACTION: Mr. Rendon moved and Ms. Roberts seconded approval of the Proposal for Quality Ice Cream in the amount of \$156,600.

Motion carried, 7 – 0.

Mr. Broad suggested that the staff get together and review the guidelines for PL to see whether you feel they need to be tightened up or changed or if there are recommendations that are necessary to come back to the Panel. He said perhaps the 1:10 ratio is too high and maybe it should be 1:5, but you have all the expertise and a real feel for this. I'm also a little concerned too that our staff is not the size that it once was, so if we start developing a situation where 50% of the proposals have PL and each one requires much work to drill down to see whether it is appropriate PL or not, it is a very fact intensive type of inquiry and I don't know whether we have adequate staff resources for that.

Stremicks Heritage Foods, Inc.

Ms. Torres presented a Proposal for Stremicks Heritage Foods, Inc. (Stremicks), in the amount of \$180,440. Stremicks owns and operates three state of the art dairy/juice mixing and bottling facilities in Santa Ana, Riverside and Ontario. The company produces high quality beverages including organic milk, juice and nectar, teas, soy milk, rice milk, almond milk, coconut water, coffee creamer, whipping cream and half and half.

Ms. Torres introduced Tim Barber, VP of Corporate Production.

Ms. Roberts asked if this proposal is 100% PL and if they do not intend to do any classroom training. Mr. Barber said they have done quite a bit of classroom training already when they started up the new lines and different types of products. He said they brought them in for about three weeks at about \$15,000 per week to train employees and they have already completed that. They have the new lines coming in and they are going to have new employees who will be doing the same thing again. So it is not all on-the-job training, there is some classroom training too. Just last week we had somebody else in for what we call PLC training, that's all the computers that they use and how the actual equipment operates. They had four people that took classroom training for a full week, so it is very technical equipment. It is not only learning how to run the equipment, but understanding it also. They have an entire maintenance staff that must learn that as well. When they purchase equipment, they send staff to Texas where they

spend two weeks training on different parts of the equipment, mostly the mechanics, not the operators.

Mr. Rodriguez asked if this is their first ETP proposal. Mr. Barber said yes, it is. Ms. Torres said, and unfortunately it was a timing issue and we could not get them their money sooner, this was actually rushed through. He said they ordered another machine about a month ago and it will take about six weeks to arrive and they plan to hire another 30 people when that occurs.

ACTION: Mr. Rodriguez moved and Ms. Fernandez seconded approval of the Proposal for Stremicks in the amount of \$180,440.

Motion carried, 7 – 0.

ICON Clinical Research, Inc.

Creighton Chan, Manager of the Bay Area Regional Office, presented a Proposal for ICON Clinical Research, Inc. (ICON), in the amount of \$172,800. ICON offers a broad range of specialized services to assist pharmaceutical, biotechnology, and medical device companies to bring new treatments to market. Company services span the entire lifecycle of product development and can be adapted to suit small local trials or large global programs.

Mr. Chan introduced Ann Wesler, VP, Corporate Training & Development.

Ms. Roberts said this is a very clean proposal, one of the nicest she has seen. Mr. Rodriguez said when you refer to trial development, is it consultant services or are you actually involved in the medical application of what they are trying to get approved by the FDA. Ms. Wesler said they run trials and have consultant services. They have single service contracts for clients so we might just do by statistics say for a trial that they run. We typically do full service trials where we are contracted by them to run the complete trial for a particular investigational product or their entire program for that product. Mr. Rodriguez asked if they do that for multiple biotech firms so they do not have to do that in-house. Ms. Wesler said yes, they work with the large, mid-size and small firms and in California frequently with biotech companies. So they contract with them where they don't have the expertise or where they don't have the resources, particularly if they don't have a global presence. Mr. Rodriguez said and therefore you don't self-contract the work? Ms. Wesler said no, they do not subcontract the work in the U.S. to anyone else. There are some countries globally where they do have to subcontract clinical research associates or regulatory specialists, because they don't have staff in those countries. Ms. Roberts said it is a great contract with high wages and low cost per training, especially for a first time contractor.

ACTION: Ms. Roberts moved and Mr. Rodriguez seconded approval of the Proposal for ICON in the amount of \$172,800.

Motion carried, 7 – 0.

Multiple Employer Proposals

Finishing Trades Institute of District Council 36 JATTF

The Finishing Trades Institute of District Council 36 JATTF proposal was presented out-of-order and previously approved in the amount of \$723,168.

Workforce Development Corporation of Southeast Los Angeles County Inc. dba Southeast Los Angeles County Workforce Investment Board

Mr. Chan presented a Proposal for Workforce Development Corporation of Southeast Los Angeles County Inc. dba Southeast Los Angeles County Workforce Investment Board (SELACO WIB), in the amount of \$1,249,307. SELACO WIB hosts manufacturing symposia and business/labor roundtables to maintain ongoing strategies and efforts to train California workers. It also works collaboratively with employers, economic development agencies, and labor organizations to address the challenges of business growth and employee retention.

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

Mr. Rodriguez asked if they are part of the Los Angeles County WIB. Mr. Lee said no, they are a separate entity; they are the Southeast Los Angeles County and they serve the seven cities of South Los Angeles County and they are separate. That said, they work in partnership of course, with the Los Angeles County WIBs and because of their proximity, with the Orange County WIBs. Mr. Rodriguez said with the employers that are participating, most of them are outside of Los Angeles County, for example in San Bernardino and Riverside, and they have WIBs as well. Mr. Lee said indeed they do, but this is a competitive event. Mr. Rodriguez said so you do not partner with your other sister WIBs, and you view it as a competitive process against other WIBs? Mr. Lee said if they are MEC contractors, yes; but in truth most of them are not, and in fact they have been contacted in the past by the San Bernardino Economic Development Center and various WIBs in Orange County to assist some of their employers in manufacturing and goods movement. Mr. Rodriguez said right, because if the employer is in the jurisdiction of another WIB in another county, most likely the workers work and live in that county, and not in Los Angeles County. Mr. Lee said 30% of the workers that they have provided services to, not through ETP but through their career center, 30% go to work in Orange County. So they are by nature related and intertwined with them, but they do not hold an ETP contract and we do, so we try to work cooperatively with them and provide seamless services. The WIBs can provide new-hire training and customized training for new-hires, but there is not a lot of incumbent worker training done and that is where ETP fits seamlessly into their picture. Mr. Rodriguez asked if they are the conduit of training or if they are contracting the training. Mr. Lee said they have their own trainers and they also contract at various training organizations.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the Proposal for SELACO WIB in the amount of \$1,249,307.

Motion carried, 7 – 0.

Chaffey Community College District

Ms. Torres presented a Proposal for Chaffey Community College District (Chaffey), in the amount of \$1,022,264. Chaffey serves the Inland Empire (Riverside and San Bernardino Counties), eastern Los Angeles and northern Orange counties, and maintains relationships with manufacturing and logistic industry groups, and consortiums in the areas. Chaffey also collaborates with local chamber of commerce boards, workforce preparation programs, city economic development departments, the County of San Bernardino and the Workforce

Investment Board, business advisory boards and non-profit agencies to further promote economic growth within the Inland Empire.

Ms. Torres introduced Sandra Sisco, Executive Business Liaison, Chaffey College Workforce Training Institute.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the Proposal for Chaffey in the amount of \$1,022,264.

Motion carried, 7 – 0.

Amendments

Kern Community College District

Mr. Chan presented an Amendment for Kern Community College District (KCCD), in the amount of \$667,540. KCCD's mission is to provide outstanding educational programs and services that are responsive to its diverse student population and communities. The district includes Bakersfield College, Cerro Coso College, and Porterville College.

Mr. Chan introduced Dave Teasdale, Director of Workplace Learning.

Mr. Rodriguez said they have a number of employers that are outside of Kern County, actually outside of the Central Valley in Southern CA and Northern CA. Are those employers hiring workers and do they have establishments in Kern County where your workforce is? Mr. Teasdale said it varies; some of them do not. He said some of them are employers that were brought to them by the consultants they used for training, such as Kern County employees on other projects. He said their service area is Kern, Inyo, Mono, and Tulare counties and they cover a four county region. Mr. Rodriguez said I am confused, Bombardier Mass Transit in Los Angeles and A-1 J's Machine Inc. in San Jose; are you just providing an online service of training for those companies to train their workers? Mr. Teasdale said no, those are not most of the trainees in their program. He said Runway Enterprises which has over 2,300 employees in the agriculture manufacturing industry, is much of the demand. So it's a difference between the numbers of employers on the list versus the number of trainees being trained by each organization. He said they also had some local employers that didn't make it on to the amendment when it was initially being prepared. Mr. Rodriguez asked if this proposal has a new-hire component. Mr. Teasdale said he believed they still had some of the new-hire funding included.

Mr. Broad said I think you are raising a very valid point; it is a little hard to understand how you deliver training to employees of a company that is not located anywhere near where you are doing the training. Mr. Rodriguez said he is seeing a trend here, and is using him as a test case so I apologize; we have a particular policy question. So for example, the previous proposal was a WIB. I sit on the San Francisco Workforce WIB, and we do not go after employers outside of our jurisdiction to say we are going to provide training for your workers. We focus on employers that are in our jurisdiction. So the statutory commitment of ETP back in 1982 was to increase skills, incumbent training career ladders and also job creation and to also build some kind of

sustainability with communities; employers, workers and institutions. Mr. Broad asked if they delivered the training to people outside of their area through the Internet essentially. Mr. Teasdale said no, they actually have training contracts. He said those out-of-our-service-area contracts were ones that were with partners they worked with locally, and they had a partner who needed some training and they had the space on their contract. In this case, they also have the local demand that has increased but they do service part of the central region for the community colleges which spans up to Stockton. We also work with the other colleges in the central region to provide training. We do not market outside of our area, but that does not mean we won't work with existing partners who come to us. Mr. Rodriguez said let me be specific, Swiss Tech Machining in Roseville; it says the estimated number of employees to retain under this agreement is 15 and they have a total of 20 employees; what training are they receiving? Mr. Teasdale said I believe that is the process improvement lean manufacturing training that Swiss Tech received. Mr. Rodriguez asked if that is new manufacturing training and how they are receiving the training. Mr. Teasdale said yes, it is new manufacturing training and they are receiving classroom training from a training provider onsite. Mr. Rodriguez asked if the training is provided by their own folks. Mr. Teasdale said no, by a training contractor that they work with who has the expertise they are looking for in that case. Mr. Rodriguez asked if they are basically a conduit for subcontractors to go to different employers around the state to provide training. Mr. Teasdale said in that case, they were but that is not even a small fraction of the total agreement that they are looking to do. Mr. Rodriguez asked what percentage of the total training of this contract is being done at Kern Community College. Mr. Teasdale said actually a very small percentage; they go out and do the training at the employer's location.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the Amendment for KCCD in the amount of \$667,540.

Motion carried, 7 – 0.

Riverside Community College District, Office of Economic Development

Ms. Torres presented an Amendment for Riverside Community College District, Office of Economic Development (RCCD), in the amount of \$628,000. RCCD serves 1.2 million residents in its service area comprised of three colleges: Moreno Valley College; Norco College; and Riverside City College. RCCD is the administrative and industry-serving arm of the Office of Economic Development that creates and markets customized training solutions for area employers. RCCD is a strategic partner with the Western Riverside Council of Governments, local workforce investment boards, the Inland Empire Economic Partnership, and maintains partnerships with organizations whose mission it is to stimulate a diversified and strong economic climate in the service area.

Ms. Torres introduced Dr. Cynthia Azari, Chancellor and Robert Grajeda, Director of Customized Training Solutions.

Mr. Rodriguez said on the rubric of the Office of Economic Development within the community college district, is this viewed as a profit center? Dr. Azari said as a profit center, no; they must sustain their operations, but as a profit center no, she does not view it that way. Mr. Rodriguez said and when you refer to sustained operations, they must be self-sufficient and go out and get private money? Dr. Azari said yes, but there are portions of it that are on the general fund. Mr.

Rodriguez said but in general regarding the community colleges, the money is for local economic development in the jurisdiction in where you are given the license to operate. Dr. Azari said that is correct. Mr. Rodriguez said I realize I am opening up some policy questions because they also have a list of companies that are outside of your jurisdiction such as Santa Monica, and I'm familiar with Santa Monica junior college and their capabilities. So I am just puzzled; how does it work? Mr. Grajeda said they have opportunities with an employer in their region that has a facility elsewhere outside of their service area, so they will train there based on the referral. He said they also work with training vendors who are partners, and have partnered with them in the past, and brought them clients from outside their area. One of their partners is Cerritos Community College District, who is also sharing, in a sense, the ability for them to provide some of their clients with training funding, so they work together and collaborate as much as possible. He said they have these types of collaborations for example, with Mt. San Jacinto College in their area, so they have trained in Orange County. Mr. Rodriguez said that he understood when community colleges have Memorandum of Understandings and agreements with other districts or specific colleges and that is part of the charter of workforce development for CA. He asked in terms of the contract, if there are community college employees or other consultants in the private sector that are actually delivering the training. Mr. Grajeda said when they have subject matter experts who are faculty they put them to work. He said if the program that the company needs is something that is in the expertise of the faculty, we have them train. Other times, we will use a subject matter expert, and in some of the ISO training, they hire a training consultant and there are training consultants that they work with. Mr. Rodriguez asked if the subject matter experts go out to train. Mr. Grajeda said yes, they train onsite and very little of this training is done at a college facility. He said he helps to run a training center in Corona, but very little of the ETP-funded training has been done there; it has been onsite at the business facility. Mr. Rodriguez said so the ETP process of auditing is at the district, and the district then has the responsibility to audit at their customer or client sites? Ms. Torres said they monitor the observation training and it would be monitored at the employer site. Mr. Rodriguez asked if they actually visit the employers on site that is listed. Ms. Torres said yes, they do.

ACTION: Mr. Rodriguez moved and Ms. Roberts seconded approval of the Amendment for RCCD in the amount of \$628,000.

Motion carried, 7 – 0.

IX. UPDATE ON NEW SYSTEM (CWSN)

Tara Armstrong said she and Mario Maslac are the ETP project managers for this portion of the California Workforce Services Network, also known as CWSN. CWSN is a web-hosted solution that will replace a number of ETP's antiquated systems.

Mr. Maslac said our current contracting management process includes both manual and automated procedures. These are completed over separate systems which do not interact with each other. For example, our application process is still completely a paper process where applicants are filling them in by hand, and then ETP staff manually enters that data. The current system was developed in the 80s and it has not had any updates since then. This technology is really antiquated and no longer supported by the vendors, which have caused some of the breakages we have been seeing over the last few years. Furthermore, ETP staff has to

manually maintain spreadsheets to capture data and for reporting processes with strategic planning. This is an extremely labor-intensive process and it consumes very much of our resources, a very large percentage of it. ETP's customers are required to use two separate websites during the course of their contract and they do this for the enrollment, tracking and invoicing processes. The current system is not user-friendly and is becoming increasingly unstable. We have had many systems issues causing our antiquated system to frequently crash and more recently, the tracking system. Our tracking system has been going down and that system is used for documenting the training hours which are reviewed. It has been down several occasions and our staff is continuously working to resolve these outages. We are working with a vendor called Geographic Solutions to finalize the specification documents that are produced for the design team to build our new system and the specifications are expected to be complete within the next month or so. The new system will be a web-based solution entirely housed by the vendor, and that will replace most of the program-related system currently used by ETP. The vendor support personnel are on call 24/7, and we have a robust service level agreement with them which outlines the timeframes in which they have to respond to our outages and any enhancement requests that we may have. The CWSN will enable both staff and contractors to use a single and more stable system for the entire lifecycle of the contract from registration to contract closeout. The new system will also improve the efficiency of communication and business processes because it will include job tools such as internal messaging inside of the system and scheduling. It will also have integrated business rules wherever automation is possible. Within the next couple of months we will begin testing the new system and will seek the assistance from contractors so that we can receive feedback from all of the stakeholders before we go live and implement. The implementation of CWSN will significantly improve usability and the user experience for both internal staff and the stakeholders. A marked improvement in efficiencies expected is many redundant fragmented processes will be eliminated through the use of a single system.

Mr. Broad asked if that means when people apply, they can apply online and they will be in the system and our employees don't have to then input it manually. Mr. Maslac said precisely; we currently receive a paper application and our employees are working with that data and entering it into the system. He said there are four or five different systems we are currently using. There are two websites and the contractors have to enroll trainees in one website and then track the hours in a completely separate website. Those websites are not inter-related and they have completely different credentials. Ms. Armstrong said so this system will be one entry, one time. Mr. Maslac said the system will replace everything from the beginning to the end. Mr. Broad asked how this is different from a few years ago when the computer system was revamped. Mr. Maslac said this is it; this is still that same project and it has been about two years now that we have been going through this, and it is nearing the end, which is why we wanted to refresh what is happening. Mr. Rodriguez said, so you don't have a prototype? He said we have already seen some of the sections and areas, such as the early marketing and then after that there is the pre application process, some of that is already done and we have seen it in action, so we have a pretty good idea. Mr. Rodriguez said so you could demo your prototype to the Panel? Ms. Armstrong said we do not have a prototype. Mr. Maslac said no, we do not have a complete prototype yet. Mr. Rodriguez asked why it is not being hosted in the cloud and why the vendor is hosting it. Are you paying for server space as part of the contract? Mr. Maslac said yes, this is entirely going to be hosted by the vendor and the vendor is going to support it. Mr. Maslac said we own the data but they will own the system. Mr. Rodriguez asked if we are actually paying for servers. Mr. Maslac said yes, that is correct. Mr. Rodriguez asked why we

are paying for servers. Mr. Maslac said we were put into this project by LWDA together with EDD's Cal Jobs and we got added onto what they were doing. Mr. Rodriguez said, that is a huge expense. Mr. Broad said, but it is also outside of our jurisdiction, we do not get to make these kinds of decisions. Ms. McAloon said if we did not do this, we would have to build our own system which we do not have the money or resources to do, so we joined the project that was already ongoing at EDD. Mr. Maslac said we did not get to do an RFQ in the beginning and just got added to a project that was already started by EDD, so we used the same vendor who built a completely separate portal for us.

Ms. Roberts asked about the security of the new system using an outside vendor and was concerned about personal data that contractors submit into the system. Mr. Maslac said security will be improved because the vendor will have more resources than our small department has now. They also must adhere to the state standards for website design and servers. That was already handled by EDD in their negotiations through a service level agreement. Mr. Rodriguez asked Ms. Armstrong what she likes best about the new potential CWSN system. Ms. Armstrong said what she likes best about it is that it deals with the duplication and the manual data entry that we have to do, and goes a long way to resolve the lack of data that we cannot collect today. Having our business rules built in, which is why it has taken so long for specifications, is going to be huge. Also, keeping consistency in the field and the way that we treat other contractors. Mr. Rodriguez said that is excellent, thank you. Ms. McAloon said after the meeting, staff will enter information manually from the ETP 130's into spreadsheets. Mr. Rodriguez said so there was never an inter-active data capturing system at ETP? Ms. Armstrong said, we have a couple of them, four or five. She said it does retain some of the information, then it gets broken at application and then it comes back to the online forms and they don't talk to each other. Mr. Maslac said in the process flow, there is a lot of manual processing in between and the LMS system was built in the 80s and since then we have had changes to the program where we went from fixed to variable. Mr. Rodriguez asked if it was built in COBOL. Mr. Maslac said no, Cold Fusion. Mr. Hart asked if Geographic Solutions is a CA company. Mr. Maslac said no, they are a Florida company who has a presence in CA with an office in Salinas. Mr. Rodriguez said thank you, the staff does great work and we appreciate everything you do.

X. PUBLIC COMMENTS

Steve Duscha, representing Duscha Advisories, discussed Productive Lab. He said he believed Chair Broad is on the right track when he mentioned possibly changing the PL ratio from one trainer to ten trainees. Mr. Duscha suggested changing it to one trainer to one or two trainees. If you pay \$18 per hour for training, if one trainer is managing ten trainees, that trainer is bringing in \$180 for one hour of training. If that trainer is managing one trainee, that trainer is bringing in only \$18. The incentive to abuse the system is much greater when it is a 1:10 ratio; when it's \$180 you are making versus \$18. That \$18 is not going to cover your costs when you have one trainer working directly with one trainee and doing nothing else, which is what the rule is. That I think is real training, and there are circumstances where that should be done and it is excellent training. There are no games being played and that sort of thing should happen. Mr. Broad said that is helpful, thank you.

Michael Jester, Strategic Business Solutions, asked about the new computer system and when it was supposed to be implemented. Mr. Maslac said likely in February 2014 but it might be a

little later than that. Mr. Jester said okay, two years in the working. He said the current system is completely intolerable. He said he is a consultant, and the consultant's do a vast majority of the data entry. He said he currently has about 2,000 rosters waiting to be entered because of all of the outages, and it is out at the moment, according to his data entry staff. He said, I don't know what the solution is, other than getting this done with no delays. I'm afraid that is what is going to happen. I feel it is going to be June and I don't think we can survive it, I really don't. Non-performance, quite honestly, is almost a non-issue at this point because you don't know what my people have done because I can't get it in the system, which is issue number one. He said he was sharing his frustration which he knows is also shared by Ms. McAloon, Ms. Hernandez, and everyone else; but I would say it should be the highest priority that you have, because this system may just die on you completely and then we are in a world of hurt. Ms. McAloon said and it really is the highest priority and staff is working on it every single day. Mr. Jester said absolutely and Mike South has been amazing. You basically told me whenever it goes down, for me to send an email to IT because they can't always see it, but it is almost putting us out of business and I'm small compared to some of the other consultants. I can't imagine the back log they must have. Ms. McAloon said we brought in outside resources and our IT manager is present and can discuss this matter further after Mr. Jester is finished commenting.

Mr. Jester said another separate issue has come up lately, which is he has had two different accounts completely give up and deactivate their application because they are contractors. In one case it was an underground contractor and in another case it was another contractor, and you allow union contractors the presumption that they have out-of-state competition. We have contractors that often will work ten feet away from other contractors that have to qualify under SET, and particularly in the Central Valley, these are both small companies with less than 20 employees; they can't make the SET wage, they can't do it; they can't make that SET wage being a small business contractor in the Central Valley. Even though they are contractors and building industry people and they should be a priority, they are deemed SET and even the high unemployment area (HUA) is becoming completely non-competitive. At the time it was bantered around at one point where small business might in general be given the presumption of out-of-state competition and let them have the lesser wage, because honestly those people can't pay the wages that a Georgia Pacific can. I think that we are somewhat killing small business. Mr. Rodriguez asked if he has shared this with staff. Mr. Jester said yes, not with Ms. Hernandez but with the analysts. Ms. Roberts said we have applications in there for \$8.20 per hour plus additional benefits to get them up to a certain county level wage, so how much lower do you want them to pay? Mr. Jester said I just deactivated Laser Underground in Fresno because they were paying I believe \$8.50 per hour for new entry employees. Ms. Roberts asked if they have benefits. Mr. Jester said \$1.50, so they couldn't get there. Mr. Broad said well, the minimum wage is going to go up, and when it does, they will be below it to start with. He said I'm sympathetic to some point and we can do wage modifications and low income areas, but the construction industry is not typically a low-wage industry, so I'm not hugely sympathetic if they are paying \$8.50 per hour and everyone else is paying \$15 per hour. Mr. Jester said, but they are not earning that in the Central Valley. Mr. Broad said maybe, I get that. Mr. Jester said and I think that allowing an apprenticeship program to get the presumption of out-of-state competition is just not right. Its union biased, and it is not right; that is my point. Mr. Broad said yes, but apprenticeship programs are different. They are sending someone into somewhere where they are likely to earn much higher wages than that. In fact, they are guaranteed to make higher wages than that because they are subject to a Collective Bargaining Agreement. Mr.

Jester said but then how does a person that is a stand-alone contractor in the Central Valley that is not a union member, how do they compete? Mr. Broad said well, I don't know; it depends on what they bring to the Panel, they can come and ask us for a wage modification. It boggles my mind if a contractor is paying a carpenter \$8 per hour. For someone who is doing skilled work is earning minimum wage, I mean you get the same amount of wages working in construction doing skilled work that you do at Wal Mart, so why not go work there? Mr. Jester said a construction crew member is not necessarily a skilled worker. He said there is a difference between an electrician and the guy that is trenching for an underground contractor. That is all I am saying, it is something I wanted to bring up to think about. The apprenticeship program got that nod and I think if it was a contract with 100 employees I would agree with you; I would say forget it. But I'm talking about a contractor with 20 employees, it is just hard. Mr. Broad said they can bring their proposals forward and the Panel is certainly open; we are giving companies wage modifications all of the time. Ms. Roberts said we get packing houses that come in paying minimum wage and yet we make some modifications on that and they are non-union, so that happens. Mr. Rodriguez said I think what you are hearing, is that the spirit of the Panel is that no business, regardless of size, should eliminate themselves from the process of being considered. Mr. Jester said absolutely, I agree with that whole-heartedly, I'm just telling you there is a gap. Mr. Rodriguez said, but let that gap be manifested in a very transparent fashion in front of the Panel with the help of staff.

Rob Sanger, CMTA, said they have been having trouble with the computer system as well. I applaud staff with all of their efforts. It has been a challenge for staff, a challenge for contractors that hold multiple employer contracts and single employer contracts, and we are definitely looking forward to the new system. One recommendation on the new system and changes within the ETP, we are always available as a resource and when the new computer system comes in, stakeholder meetings would be encouraged because we definitely would love to work with you on new computer systems and any changes in the program. Mr. Broad said, so what you are suggesting is that when the computer arrives that the ETP, provide workshops for folks to tell them how to do it and train the trainers. Mr. Sanger said correct, and also as its being developed, we think it would have been a good thing to pull in the stakeholders but I think we are probably too far along in that process. Mr. Rodriguez asked if there is a business/stakeholder group involved with the CWSN project for the interface. Mr. Broad said as an advisory committee I think is what you are asking. Mr. Rodriguez said yes, business people who actually use the actual product. Have they been involved in the designing? Ms. Armstrong said no, they will be involved in the testing and they have assigned trainers to train our trainers but this design of our business rules is something that they would not know. Mr. Rodriguez said right, and I realize that; business rules are different and somewhat regulatory. But have they been involved in the input interface of what they would like to see? Mr. Maslac said we have the business rules which come from the regulations and the actual design of the system, that is the preview of the vendor, they are the ones that will come up with the initial design and will demonstrate to us, and then we can ask for changes. Ms. Armstrong said if you are talking about the look and feel of the design, that is not something we have really gotten into yet, but they do have an option of their off-the-shelf products they will use to try and mold us into. Ms. Roberts said I can see some potential problems arise in the next few months between the consolidation, and things getting lost in the shuffle with moving. Also with a new online system, that is going to be a problem so the sooner we can get out there in front of our contractors and our employers to say please bear with us, this will be completed in a few months, the better. Something to make contractors aware of so they do not get frustrated as Mr. Jester said, and

just drop out of the system. We need to make sure that the communities that we service and our clients know what is going on, and they need to be aware that there will be a transition period and they need to bear with us. Mr. Rodriguez asked if there is a contingency plan where you are going to have both systems up. Ms. Armstrong said we are not going to run them parallel together, no. We will do testing with live data, but we will not run two systems at the same time. We will test the WSN system and once we are positive it is ready to go, we will turn off the other ones. Mr. Rodriguez said so once the old system is turned off it's turned off, because it is going to Florida. Ms. Armstrong said yes, that is correct.

Mr. Sanger said on another note, he was recently at a speaking engagement at Chaffey College for contract trainers and they brought in somebody from LEARN, which is similar to American Society of Training Developers. He said they look at trends in training and it is amazing how classroom training is really going downhill as far as it is the old school way of training. He said putting everyone in a seat, for several hours a day, that type of classroom training is really changing. He said he believes that will really affect the way the Panel does business in the future and thinks it would be worth it to look at some of the industry research available because I just don't think it will be enough to fund only classroom training. Especially if PL is going to be changed a little, so I think that is another high level issue the Panel may want to look at.

Mr. Sanger said with PL, he believes there are employers coming before the Panel in good faith and within the rules of the Panel and working with staff and doing the best job that they can, and I really think we have to respect the fact that they are here in good faith and they are doing this as good actors, and they haven't even started to do anything. So I think we need to be a little bit more congenial with the employers that come before the Panel that have not done anything wrong and they are just trying to get their project approved. If there are policy changes that need to be made, I think those are great discussions and I fully support that, but I really think that we have to think about that fact. I also think we need to look at the number of single contractors coming through in the last few months, which have been going down as well. Now that is being filled a bit with multiple employer contracts but I think we need to look at why are not more single employer contracts coming through without a consultant. I have my own thoughts on why that is happening, and I think that is important to look at too. Mr. Broad asked what those thoughts are. Mr. Sanger said it is too complicated and tougher than it used to be to get a project through. Ms. Roberts said all the Panel sees is a snapshot of these contracts as she mentioned before, we don't see the whole thing. So when she sees things in there that are red flags to her, she is going to make a comment on it. I do respect them coming before the Panel, but I'm not going to not question them because I can read them; if I feel they are uncomfortable with something, I know that there are going to be some problems in that, and I will keep pressing them until I find out more about it. That is all I see, I only see a one-page snapshot of this contract versus maybe what the staff has seen, and I respect the staff, I know they scrutinize these proposals very well. That is what I have to base my experience on. Mr. Broad said yes, and in terms of the trend mentioned, there are discussions going on all of the time right now about education and training and the future of education and training and whether it is in a university or another environment. Much of it has to do with the economics of education. It is a lot cheaper to sit some professor from Harvard up there and then have him be the teacher for 20 million students who are paying a whole lot of money for education. That doesn't make it the best thing; that only makes it the cheaper thing, and I hate to sound a little bit kind of like a critic of capitalism, but the inevitability of change in a capitalist society is often driven by the economics, not by what is the most excellent form of education. And if you argue

against it, you are not with the program; you are not handling the change that is inevitable. Well, that doesn't make it a good change that only makes it a change that serves the interests of the people who make money based on it. Mr. Broad said having someone sit in a classroom and get a whole lot of classroom training where they are talking personally with someone and they are dealing with a teacher, that is the best kind of education in my opinion, but it is not always the cheapest education, and there are much cheaper forms of education. If we are going to approve that kind of education, then maybe we ought to be paying .50 per hour for it, as opposed to what we are paying for it; in other words, we can't have it both ways. Mr. Sanger said right and sometimes it is not always that way. He said sometimes Computer-Based Training (CBT), which is paid at \$8 versus \$18, is much more expensive than instructor-led because you still have to put that highly specialized class into a format that costs a lot in structural design, the graphics and all that work. Over a period of time that may be cheaper, but initially it is much more expensive and they may have to re-do it. Sometimes it is more expensive for classroom, but sometimes actually it is more expensive for some of these new training methods.

Mr. Rodriguez said Mr. Sanger was bringing some really good points to the Panel. He said from a professional standpoint, he has been involved in rubric training from Silicon Valley regarding telecommunications, to involve a number of projects of how kids with disabilities learn in K-12. To Chair Broad's point, right now he believes both here in CA, locally, and at the national level, that we have not figured that out yet. If you take Chair Broad's last point in terms of the cost of education, it has gone up over 1,000% since 1988, and there are real serious questions of why that is so. Mr. Sanger asked if he was talking about college education or education in general. Mr. Rodriguez said college education and vocational education too, which we do less of. He said in terms of the Panel's role, we have the statutory responsibility to question anything and everything that is in front of us. Whether it is in on paper, whether that is testimony, particularly in a hearing setting. That is what we are entrusted to do. I think you will see here on the Panel, an enormous amount of talent and creativity and people coming from all sorts of life. That was the original intent of the 1982 statute signed by Governor Jerry Brown. Mr. Sanger said I appreciate that, and I don't mean you should not scrutinize companies, but when they are coming in and are within the rules of the program, I think there are some limits we have to put on how we treat the companies coming through; this is my opinion. Mr. Broad said, 99% of what comes through here we approve; so I don't know what you are saying. Mr. Broad said I'm just a little puzzled by what you are saying; maybe you are right; I just find that we are quite gentle here given most of the time, we are raising questions that arise. He said we are fortunate to have Janice Roberts, Vice Chair, sitting on the Panel and who comes from a company who delivers this kind of service, and who understands in a way that most of us don't. How the training gets delivered and who is maybe perhaps our most critical person in terms of drilling down to talk to people about how they are delivering the training. I think that is a good thing in my mind, I really value her insights; they are different from mine and everyone brings something different, that is the point of having a Panel. Mr. Sanger said yes, the Panel does a great job, but it's hard for a contractor to come forward when you try to differentiate between PL and training, that is inherently hard to do. So if you are asking me, and I'm an employer and I have PL, and I'm asked how I know I'm training versus being productive, that's tough and I think we have to do a little more policy research on figuring out what is allowable. Mr. Broad said I think that is absolutely true, but the thing is that we have rules that apply to every employer. Clearly PL in a company in which they are producing reproductions of the great masters, is different than PL in a grower in the Central Valley. It has a lot to do with the skill level that is brought to

the particular issue. The person that is looking through a microscope identifying nano connections and that is making \$52 per hour and bringing this extraordinary skill and it takes a lot of subjective knowledge to identify things, nothing is exactly the same. That is a candidate for PL where it works a lot better because they really do need to do the actual work. If you are pumping gas like I did, it is probably really helpful to have PL for 20 minutes because you can learn how to do it in five minutes and spend the remaining 15 minutes making sure you got it right. That is the point we are making and we have to explore that. Mr. Sanger said right, and that is what we want as consultants. He said we want that feedback to know what type of projects the Panel wants us to bring in and when PL is a good fit versus when we should say to the employer let's not do this, let's concentrate on the classroom; that is what we want to hear back from you.

Mr. Broad said I think in using some degree of common sense you could figure that out so that 100% PL, I'm taking the extreme, 100% PL in a low-skilled job in which getting trained to do the entire job takes a very short period of time, is not probably going to fly as much as PL at a very high-skilled job taking a lot of talent and training where there is a lot of judgment involved and independent thinking required as a condition of performing the job correctly. Those are the two extremes and the world generally resides somewhere in the middle, but we have begun to see a shift toward the other extreme, and it is historically an issue before the Panel because we simply can't in good conscience, simply subsidize an employer doing what it normally does. We can't pay them to produce their widget; that is what we definitely cannot do, and that is what PL or on the job training bumps up against all of the time and that is the tension. That being said, we know that it is a good form of training, as long as it is not excessive. Ms. Roberts said, and when we talked about this with Amazon, and my question was how you can have PL with people running around on forklifts in a big warehouse, where is the oversight of the training for that, that was my question and I think your group answered it pretty well, but that was just a question. It wasn't that I was admonishing them for putting PL program together, it was more of just I have a hard time visualizing it because I've been in warehouses and trained forklift drivers, and I've been there. It has to be one-on-one, it can't be with one guy with a bull horn saying no, get your forklifts down, you're going too fast. I just can't see that and that was my visual when I was asking that question. Mr. Sanger said right, I don't want to talk specifically about Amazon, but just in general we need to know what the Panel wants us to bring and we will bring those companies and we want it to be a positive experience and we want to understand what you are looking for so we can bring the right projects here for you.

Phillip Herrera, Consultant, said he has been a consultant for a long time and also does some of the advocacy for the Panel. He said he was at a meeting with Go-BIZ yesterday and also at a Bay Bio mixer, and the question he got was, is the Panel effective and does it really make a difference with the money; it was really honest for me to say yes. The second thing was, well is it a tough nut to crack and I said yes to this too. But what I wanted to say to you and to them is that the staff with the ETP is the best whether he is working with the field office, or they have been selected for an audit, and IT. I'm sure there are some bugs there, but you have a great staff and I think we are going to make this work in the future. Mr. Rodriguez said all consultants are equal in my eyes, but your firm also does a preliminary act for prospective employers for ETP and I'm sure some others do as well. Can you share historically, since you actually were employed with ETP, why your firm took that action because there seems to be a commitment on your firm for employers to reach a comfort zone. Mr. Herrera said it's a complicated question and a complicated answer. First of all, our firm kind of creams the crop; we work with mostly

fortune 100 companies who have a flushed out training department and are really primed for succeeding well at an ETP contract. So for them when we first meet, the question they ask is what will the elected officials ask me is, is it worth it? And the answer is absolutely yes. The bar is set through the application, you work with field staff and you get some tough questions. My experience is that they are pretty good about dealing with those difficult questions and providing the answers that need to be provided, but all in all, I guess the question about the Pre-application, the whole process from my understanding is reasonable. It takes a little longer than expected, but I couldn't offer any real changes to it at this stage, so maybe I do not understand your question, but my experience with it has been very good. Mr. Rodriguez thanked Mr. Herrera.

Mr. Broad asked Mike South, IT Manager, to address ETP's computer situation. Mr. Broad said the question that we would like to know is will the CWSN be in place early next year. Mr. South said that is the current published schedule, yes. Mr. Broad asked if that is likely to be the case or is it likely to be delayed. Mr. South said I'm not that involved with that part of the project because it is all based on the change to the way the business side wants to change the system. He said he has been working with the data mapping to get all of the historical data over into the system and from that point of view, they have done pretty well, Tara and Mario are much closer to that than he is. Mr. Broad asked if he is confident, because he knows ETP has had computer challenges for about a decade, are we at the end of all of this and we are going to get to the point where everything is sort of stable and everything is working, is that where we will be? Mr. South said, it is always a catch up and we are coming from pretty far behind. I was trying to think about the best way to try to describe it because I know everyone wants to know about the current issues. We talked about spreadsheets, everyone knows Excel, so what do you remember about VisiCalc? Our current systems are written in Fox Pro so we go way back in time. They were developed in the 80's and were a good choice at the time. They are based on large vendors and our sites are based on Adobe and Microsoft. The problem we have currently is the supportability of them. Microsoft has put an end date on Fox Pro support; they did that a while back. Many people have large systems developed on it, so they pushed the date quite a bit out. It is my understanding it was pushed six years further than what they originally anticipated and currently, that date is I believe January 13, 2015. This is when Microsoft will no longer ensure that updates to the systems and operating systems that Fox Pro works under, will continue to work. The problem is that other vendors have already taken Fox Pro off their support lists. One of those vendors is Adobe with the Cold Fusion, which is what is used to get data from the Fox Pro database into the web applications.

Mr. South said ETP's current problem has been somewhere along the lines of an update. We test before we put them into production, but this was not caught because it is a system resource issue that causes the problem. As we have more and more contractors behind, and they get into the system concurrently, then we really have a problem and it is quite obviously a real problem now. He said they have identified exactly what the problem is with the current system, and the problem is there are only two ways to go. One is to try to fix it, which is preferable, because you want to continue to install security patches to keep the system up to date against attacks in the future, so there are not any supportability things out there. There is one vendor that makes a driver to change it because the current driver is very old, it runs on window sockets, and that is not a very large resource in servers today. They have all moved on to different types of methodologies of data connections, so we are looking at one vendor that does a Java based, database connector, and we are putting that in and testing with that to see if that

will solve the problem. In Cold Fusion that is exactly the process that dies when we restart it, it's their ODBC connector. So we know exactly that this should alleviate that because that won't run anymore. If this does not solve it, the only thing we can do is go back in time. Build another server and not put all of the security patches up, kind of guess when the date was, and we will have to scrutinize putting security patches on, and really test and ask the community to test and we will can go back right away if there is an issue so that we can find out exactly what patches were done. That is just life when we are looking at these ancient legacy systems that we have not progressed in, and kept them up to date and moved with the vendor community as they have done new releases; we just stayed and let things be and not invested.

On the other side, where we are lucky, is we have invested in the equipment and have gotten to where we are all virtualized and it is easy for us to take a copy of the server and test if it's identical. We can test it, make changes to it, and we can rename it and pop it back into production which has been nice; but again, we are limping along at the moment because we want to do the right thing to get it to be secured. Recently, things are really out of hand and it looks like we are going to have to probably roll back the clock if you will, in order to make things work for the contractors. Ms. McAloon said so Mike, simply put, are you comfortable saying that you can keep finding the holes until we can go into the new system? Or do you think something worse can happen and it could get worse than it is. Mr. South said this is about as bad as it can get, unfortunately. I think that the worst case is what we do now and why I think I feel comfortable saying what I am, because we have the system spread over multiple servers. Meaning, the same type of technology is used on two different servers to run two different applications and they help the identical problem. So here we are talking about our online form system and the class/lab tracking system, and that really means that whatever happened, happened with both of them and we are not really touching them. The only thing we are really doing are the security updates and we do program changes based on decisions made at the Panel or other things that we find, or just doing our regular triage. But I think that our worst case is we would have to isolate the system and not patch it anymore, and we just really have to watch it, put more on the firewall and be watching on the network for issues with traffic then trying to make changes that impact the system and contractors.

Mr. Rodriguez said to be fair, each system that is operating today, is not doing any sophisticated analysis, right? He said the business rules essentially are to receive archived data and export data. Mr. South said yes, for the most part. The calculations we have are pretty simple; the substantial contribution might be one of the more difficult ones, but not computer intensive at all. Mr. Rodriguez said right, there is no super computing analysis going on, so are there ongoing processes in place to just archive the data into one server. Mr. South said all of the data is in one server today, it is just the applications are on multiple servers that feed the data system. Mr. Rodriguez said so if the application systems were eliminated what happens if they were to vanish? Mr. South said I am not sure what you mean by that, but that data would still be intact. Mr. Rodriguez said if you separate the application system and you had basically raw data, the archived legacy system, how then you can retrieve the data. Mr. South said with any of the tool sets that we have such as Microsoft Access, even Excel can link these and read the data directly. We have a whole data dictionary of the system and so we know where fields came from, the screens are all mapped, and we know what applications feed each field. Mr. Rodriguez said so in that sense, the worst case scenario even if the new system is not applicable, is you can basically patch up a system that is workable. Mr. South said yes, but since the system is fairly large because it was developed in the 80s and from all of the manual

processes, and then all the changes that have been into place on top of it, to actually write an application that does what it does today, would take some time, maybe a year to do it correctly. So even though you have the data there, to find all the screens and forms, and to access it without doing something like we are doing with the Geo Solutions that really is about a year project.

XI. PUBLIC MEETING ADJOURNS

ACTION: Mr. Broad moved and Ms. Roberts seconded meeting adjournment at 12:31 p.m.

Motion carried, 7 – 0.