



**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**

California Environmental Protection Agency

1001 I Street

Coastal Hearing Room, 2nd Floor

Sacramento, CA 95814

October 18, 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 9:37 a.m.

II. ROLL CALL

Present

Panorea Avdis
Gloria Bell
Barry Broad
Michael Hart
Janice Roberts
Sam Rodriguez (arrived after initial roll call at 9:42 a.m.)

Absent

Sonia Fernandez
Edward Rendon

Executive Staff Present

Jill McAloon, Acting Executive Director
Maureen Reilly, General Counsel

III. AGENDA

Chairman Broad asked for a motion to approve the Agenda.

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

Motion carried, 5 – 0.

IV. MINUTES

Ms. McAloon noted a correction that was made to the September 20, 2013 minutes. There was a change made to the mention of an award of the ETP marketing contract. It was awarded to California Manufacturing Technology Consulting and it was incorrectly printed that it was awarded to CMTA. The minutes have been changed to correct this item.

ACTION: Ms. Roberts moved and Mr. Hart seconded the motion that the Panel approve the Minutes from the September 20, 2013 meeting.

Motion carried, 5 – 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 contracts. She said both Diana Torres and Rosa Hernandez, District Managers, were in attendance to present projects. She said Robert Meyer, ETP’s Marketing Director, will report to the Panel on ETP’s marketing activities later in the Agenda.

Regarding the budget, should the Panel approve all of the projects to be presented; it will have approved approximately \$6.9M, leaving \$47.5M for the remaining Fiscal Year (FY). The Panel will also have approved \$4.8M in SET funds, leaving \$8.4M for the remainder of the FY. Our only source of alternative funding this year is through the Alternative and Renewable Fuel and Vehicle Technology Program, through our partnership with the California Energy Commission. We have \$3M available this year and to date, the Panel has approved \$615,000, resulting in \$2.2 M available in the remainder of the FY.

Regarding legislation, October 13, 2013, was the last day for the Governor to sign or veto bills passed by the Legislature. The Legislature is currently in recess until January 6, 2014, but statutes take effect on January 1, 2014. There are several bills that have been signed that impact ETP since our last meeting.

AB 10 (Alejo D) Minimum Wage: Annual Adjustment

The annual adjustment bill was approved. Current law requires that on and after January 1, 2008, the minimum wage for all industries be not less than \$8 per hour. This bill increases the minimum wage, on and after July 1, 2014, to not less than \$9 per hour. The bill further increases the minimum wage, on and after January 1, 2016, to not less than \$10 per hour.

SB 820 (Chaptered by Secretary of State) State Government Reorganization Bill

Reorganized the function of government and agencies, and it changed the composition of our Panel, replacing our former BT&H representative with a GO-Biz representative, for our ex-officio voting member.

AB 8 (Perea D) Alternative Fuel and Vehicle Technologies: Funding Programs

Extends to January 1, 2024, programs that are aimed at reducing auto emissions in CA, including the Alternative and Renewable Fuel and Vehicle Technology Program. It actually increased fees for those programs so what that means is, we may be able to expend our activity under the AB 188 program, so it is a positive thing.

Mr. Rodriguez arrived at 9:42 a.m. and was present for the remainder of votes.

VI. MOTION TO ADOPT CONSENT CALENDAR PROJECTS

Ms. McAloon asked for a motion to adopt Consent Calendar Items #1 through #12.

Advantage Media Services, Inc. dba AMS Fulfillment \$51,840

Attivo Group, Inc.	\$19,760
Bolide Technology Group, Inc.	\$26,000
Elite Metal Finishing, LLC.....	\$99,840
ENGEO Incorporated	\$49,920
GCL Solar Energy, Inc.	\$26,280
MBC Broadcasting, Inc.	\$12,150
Oakland Pallet Company, Inc.	\$98,708
Parlour Enterprises, Inc.	\$89,760
Performance Plastics, Inc.	\$54,900
Pro Performance Sports, LLC.....	\$40,066
The Cheesecake Factory Bakery Incorporated	\$76,500

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of Consent Calendar Items #1 through #12.

Motion carried, 6 - 0.

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

Ms. McAloon asked for a Motion to Delegate in Event of Loss of Quorum, authorizing the Acting Executive Director in conjunction with the Panel Chair or Vice Chair, to approve projects.

ACTION Mr. Hart moved and Ms. Roberts seconded the motion to delegate in event of loss of quorum.

Motion carried, 6 – 0.

VIII. REVIEW AND ACTION ON PROPOSALS

Single Employer Proposals

City National Bank

Rosa Hernandez, District Manager, presented a Proposal for City National Bank (CNB), in the amount of \$429,055. CNB provides customized individual and business banking, investment management, and trust services. CNB provides a broad range of personalized banking services through its private client services and wealth management divisions using a full spectrum of sales and market specialists, asset advisors, investment managers, and support staff.

Ms. Hernandez introduced Duane Van Winkle, VP Senior Training Consultant.

Ms. Bell asked if he is a consultant. Mr. Van Winkle answered in the affirmative. Ms. Bell asked if he was a consultant with the National Training Company. Mr. Van Winkle said no, he is actually employed with City National Bank. He said his title is a bit confusing and at CNB, training is very important to them. Most companies would call him a trainer, but at CNB they look at it more as a consultant with their business owners and their divisions. That is why he has the title of consultant. Ms. Bell asked how long he has been with the company. Mr. Van Winkle said three and one-half years. Ms. Bell asked why she stays at CNB. Mr. Van Winkle

said he stays because he believes that CNB is on the cutting edge and they are staying ahead of the industry. He said he came from a bank that was merged into U.S. Bank, so he understands the importance of staying ahead of the industry and CNB is there. In addition to that, CNB is not a small or a large bank, but they definitely have that small bank feeling when they are talking about their colleagues and working with their colleagues. CNB really looks out for the interests of their colleagues through learning and development.

Mr. Broad said when you are talking about the technological changes that are going to take place, what is going to be happening in global banking? Mr. Van Winkle said they are moving along, and even the banking apps on phones that are downloaded have to be kept updated to keep them user-friendly and make them more attractive all of the time. That is a large piece of their technology, and technology is huge at CNB and so that is one of the major changes. In addition, we believe we are the first bank to roll this out, and they are partnering with a company called Zero, where they are providing their small business clients with the capability of doing all of their financials online in conjunction with their banking. We know that they can do their banking online, but now this service will allow them to include all of it, such as their payroll and financial statements. He said that is a big deal and they are excited about that. To a small business owner, it is a one-stop shop and even their accounting and taxes are all accessible there.

Mr. Rodriguez said when he first read the proposal he could not understand exactly what the training entailed because CNB focuses on small businesses as a market for growth, and you mention Zero, which basically is selling you an integrated customer service. So I was somewhat concerned in terms of the dollars being spent on the workers; is it incumbent workers or does it include job creation too? Mr. Van Winkle said the dollars will be spent on both the incumbents and job creation. He said you are correct in that small businesses are one of their segments that they concentrate on. But it is not the only segment, they have a huge retail segment that caters to the ultra-high net worth and that is a specialty as well. In addition, another segment is the entertainment industry for them; they are the largest entertainment bank in the country. Because of that, they are expanding two locations outside of CA for their entertainment clients such as in New York, Nashville and Atlanta. So they are expanding beyond the small businesses.

Mr. Van Winkle said the two large focuses of the ETP training include technology training because as you are probably aware, when they come out with all of these new technology features, they have to keep their employees and colleagues trained so that they can explain that to their client, they have to be aware of it. That will be a big piece of the training for their colleagues who are client-facing. We also need to continue to train our technology colleagues who do the technology and the implementation. In addition, another big piece of CNB's business is wealth management and some of their big competitors are vast in wealth management. U.S. Bank is exploding in growth in CA really trying to make it an initiative, which has a large wealth management department and Chase bank is moving into their market area with a huge wealth management. That is their specialty, the wealth management, to their small business owners, but also to their ultra-high net worth clients. So it is very important for them to keep their colleagues ahead of the game and keep them trained as far as the wealth management services they provide and all of the products that go along with that.

Ms. Bell asked if one of their objectives is to be more technology driven, and have more online services available and less people going into the bank. Mr. Van Winkle said yes, and you may have already noticed less traffic in your local banking branch in the last few years. That does not mean that they will lay off colleagues; in fact, it will be the reverse; especially if they can stay ahead of the game and continue to see the growth that they have. Even though their branches are much slower than they were five years ago, they have actually grown their colleague base because they are staying ahead, remaining competitive and growing. They don't expect these technology advances to downsize their staff, in fact, it is just the opposite and they are looking at growing and bringing on new colleagues.

ACTION: Ms. Roberts moved and Mr. Hart seconded approval of the Proposal for CNB in the amount of \$429,055.

Motion carried, 6 – 0.

Coca-Cola Refreshments USA, Inc.

Ms. Hernandez presented a Proposal for Coca-Cola Refreshments USA, Inc. (Coca-Cola), in the amount of \$1,278,200. Coca-Cola is a producer and distributor of non-alcoholic beverages. In addition to its traditional carbonated soft drinks, Coca-Cola's product line also includes juices, still and sparkling waters, isotonic, and teas.

Ms. Hernandez introduced Mario Salomon, Management Systems Supervisor and Brett Bartlett, representing Spectra Consulting.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of the Proposal for Coca-Cola in the amount of \$1,278,200.

Motion carried, 6 – 0.

General Mills Operations, LLC

Ms. Hernandez presented a Proposal for General Mills Operations, LLC (GM Carson), in the amount of \$137,700. GM Carson manufactures Yoplait and Mountain High yogurt and is affiliated with a bulk flour facility in Vernon, and a cereal/dry mix facility in Lodi, all wholly-owned by the parent General Mills Corporation headquartered in Minneapolis. GM Carson currently has 297 employees, and distributes its products to major retail grocery chains, wholesalers, and clubs primarily in the Western United States.

Ms. Hernandez introduced Robert Gonzalez, Training Leader.

Mr. Broad asked if GM Carson is a non-unionized plant. Mr. Gonzalez said yes, that is correct. Mr. Broad said in our package it explains why you are having poor performance on your current contract, but need to tell us what has changed that would alter the outcome. You are proposing to train immediately while you have a proposal that is being completed, where you are only training half the people you are going to train, and there are several production issues that got in

the way. So we need to know why this is going to work now when it hasn't worked well in the current contract. Mr. Gonzalez said their strategy is different now, and the market they are working with is different due to a preference for Greek yogurt which is something they did not expect. In the past two years, the Greek yogurt market has really increased, so they have much more competition. They have changed their strategy with regard to training, so they have a plan to have different levels for their entire workforce to advance through the levels and gain different skills. As they gain skills, they have a plan to incentivize employees to gain pay raises as they learn new skills in order to be more competitive. He said they also have a robust curriculum so they can be more competitive.

Mr. Broad said the materials state that there was a decrease in production volume and the idling of several lines that led to the reorganization of work schedules which placed existing operators in different positions across the facility. He asked if that internal movement is resolved at this point. Mr. Gonzalez said yes, all the movement has stabilized so now they can focus on technical depth and expertise. Mr. Broad asked if we are basically training the other half of the employees that didn't receive training the last time, or will the company be training a whole new different group of workers. Mr. Gonzalez said it is basically the same group of workers, but they are now going deeper with the training to include cleaning equipment and maintaining the equipment, so they do not have to rely as much on external vendors.

Ms. Bell asked if they are a 24/7 operation. Mr. Gonzalez said yes, that is correct. Ms. Bell said due to that, how to plan to squeeze in the training in that time period. Mr. Gonzalez said, they have shift overlap time where they can do some training, and they also have staffing that allows for flexibility so they can provide training when they are fully-staffed. He said the facility runs 24/7, but they do shut down production lines here-and-there for maintenance work and training.

Ms. Roberts said she does not see a problem with the 24/7 operations because that is how companies run these days and we work it out over time. The question she has is that everyone has the same stories related to poor performance such as low production, movement, or new machinery. That is a part of doing business with a major company such as General Mills. She asked if he has additional staff to assist with this training. I know you did not have a consultant or administrator to help you with this and maybe that affected your rosters or the internal systems. I would like to see something a little more robust; I know you reduced your funding by half, but that is only because you didn't perform. She said if you will be overseeing this solely with 300 employees it may be too much for you alone. What is happening internally? Mr. Gonzalez said for managing the program, their training department has three who are managing different departments within their plant, and this is in alignment with their continuous improvement strategy, which is from corporate, in order to enhance their production capabilities. So they are on a path to provide more training in alignment with Lean Manufacturing and Kaizen principles. Ms. Roberts asked about internal administration of the proposal. Mr. Gonzalez said their new management team is highly dedicated to the training, and it is one of their key principles to enhance their capabilities with their workforce.

Mr. Rodriguez asked if they currently have 297 employees in GM Carson. Mr. Gonzalez said yes, that is correct. Mr. Rodriguez asked if in the year 2006, if they had about the same amount of employees or less. Mr. Gonzalez said they had fewer employees, approximately 240. Mr. Rodriguez said so you did not go through a massive layoff in 2006? Mr. Gonzalez said in 2006, no; they had a major reorganization of their leadership team in 2006. He said they had a plant

manager that took over at that time and with a much greater focus on training, and the person who was also administering the ETP program left the company at the time, and the person's backfill was not well-versed in the ETP program and the requirements.

ACTION: Mr. Rodriguez moved and Ms. Roberts seconded approval of the Proposal for GM Carson in the amount of \$137,700.

Motion carried, 6 – 0.

New Flyer of America Inc.

Diana Torres, District Manager, presented a Proposal for New Flyer of America Inc. (New Flyer), in the amount of \$184,200. New Flyer manufactures heavy-duty transit buses in the United States and Canada. The Company is an industry technology leader and offers a broad product line including vehicles with drive systems powered by clean diesel and natural gas, electric trolleys, and energy-efficient diesel-electric hybrid vehicles.

Ms. Torres introduced Ricky Lawrence, Director of Training & Development.

Ms. Roberts said this is a great contract and she is very excited they are in CA. She said it looks like they have made this a right-sized agreement, wished them the best and said hopefully they can hire more employees.

Mr. Rodriguez asked if this is the first time they are manufacturing buses for L.A. Metro. Mr. Lawrence said no, they have actually built buses previously for L.A. Metro. Mr. Rodriguez asked if the buses are assembled at their site or somewhere else and then brought in. Mr. Lawrence said 90% of the buses will be built in St. Cloud, Minnesota, and the last 5% to 10% of the buses are actually built in CA at their Ontario location. They will handle items such as seats, decals, road testing and auto testing to ensure they meet all of the requirements.

Mr. Broad asked if Mr. Lawrence will be based in Ontario CA. Mr. Lawrence said no, his colleague Keith Rich, Training Specialist, is from the St. Cloud location and he will run the program to make sure the ETP requirements are met. He said they have a very robust system, and he knows there are some online requirements as part of the ETP program, and everything is nailed down. Mr. Lawrence said Mr. Rich is working together with the general manager and administrative staff in Ontario, CA, and he will be traveling to do all of the training.

Mr. Rodriguez asked if they are headquartered in Minnesota or Canada. Mr. Lawrence said they are headquartered in Canada but they have one of their main locations is in St. Cloud, Minnesota, which builds the bus from beginning-to-end. Mr. Rodriguez said right, but Minnesota doesn't have the same program that we have here in CA. Mr. Lawrence said yes, Minnesota has a different program.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of the Proposal for New Flyer in the amount of \$184,200.

Motion carried, 6 – 0.

Tropicana Manufacturing Company, Inc.

Ms. Roberts recused herself from review, discussion, and action on the Tropicana Manufacturing Company, Inc. Proposal.

Ms. Torres presented a Proposal for Tropicana Manufacturing Company, Inc. (Tropicana), in the amount of \$274,200. Tropicana, a subsidiary of PepsiCo, manufactures and distributes a line of fresh juices, blended juices and smoothies.

Ms. Torres introduced Maggie Luna, HR Coordinator and Delia Deas, HSC Manager.

Mr. Rodriguez asked for an explanation of how the active contract was integrated with the current proposal. Ms. Luna said they are almost at the maximum in their current contract and they have already used 80% of their funds. They are hoping to exhaust their current funds by the end of the year. Because of the blending capacity they are installing, they will bring new equipment into the facility. So their employees will be getting additional training on top of what they already have been doing, so it is likely their current contract will be exhausted in the next couple of months. Mr. Rodriguez asked if that is consistent with staff. Ms. Torres said yes, it is.

ACTION: Ms. Bell moved and Ms. Avdis seconded approval of the Proposal for Tropicana in the amount of \$274,200.

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

Arden Engineering, Inc.

Ms. Torres presented a Proposal for Arden Engineering, Inc. (Arden), in the amount of \$607,680. Arden manufactures components and assemblies and provides repair and overhaul services to leading manufacturers of aircraft and aeronautical platforms.

Ms. Torres introduced Scott Willis, VP of Operations.

Mr. Broad said there are a couple of red flags and one is that you're doing this in response to a sort of blind mandate that you reduce your costs by 15%, and when reducing your costs by 15%, that may be utterly unrealistic. So you are trying to meet that in a way that involves kind of a reconfiguration of the way your company works. He said this is your first ETP training proposal, so when you combine those things together, there is concern about your actual ability to perform the training consistent with our program, so you might end up earning only 25%. He asked if they are structured to really follow through with this training. Mr. Willis said yes, absolutely; he said they have already put the plan in place and are working with a consultant to make sure they are doing it correctly. He said they have another company that can come in and do most of the training for them as far as the Lean Six-Sigma. He said they have identified a person at each one of the companies that will be responsible for setting up the training, identifying who needs to be trained, what time, when, and how much training they will need. They will coordinate the people coming in doing the training, so he believes they have a very good plan in place to make sure that they execute.

Mr. Broad said since they are actually manufacturing a product, there is a possibility that in order to meet the demand and meet the demand efficiently, they will have to pull people out of the training to keep them on the production line. Mr. Willis said no, the plan that they have is to keep them in training and we know that; we know that they won't succeed unless they keep them in training. He said much of the training will be Lean Six-Sigma and they also have Kaizen events where they shut down a production area and make the fixes right then and there. So they will do the training, make the fixes immediately and get up and running again as quickly as possible. Our only choice is to do the training, to use the tools and techniques that we're proposing that we use, and we really have to get this done very quickly.

Mr. Broad asked if they can get their ratio of 1:10 down in their Productive Lab (PL) portion of the proposal. Mr. Willis said yes, they can; where they use the 1:10 ratio is when they are doing the training on the Lean, and the folks are in the room and then go out into the areas and make the changes. He said that is where they will have the leader that will work with them, train them, and then go out and do the changes because they will take the entire production group to do that. He said generally when they are teaching them to do a Six-Sigma analysis or to run a machine, that would be a 1:1 PL ratio, where somebody would have to show them how to run the machine or how to measure the part. That would be a 1:1 PL ratio, and it would be when they are actually changing the line and there would be more people involved, and likely less than ten people.

Ms. Roberts asked how long the company has been in CA. Mr. Willis said they have been in CA for many years. Ms. Roberts asked if this is their first time coming to the Panel. Mr. Willis said yes, it is. Ms. Roberts asked why they are coming to the Panel now. Mr. Willis said they have new leadership and they understand the importance of training. He said the pressure they are seeing is pretty drastic; it has never happened before and said they are combining the three companies and trying to use one MRP system across the three companies. Before, they used spreadsheets; QFI is one that managed the business using spreadsheets. So they are trying to take the three companies up a step and to do that in concert; obviously, it would cost them less if they bring three companies up together. Ms. Roberts said she thinks this is a great contract and loves to see new companies coming through, especially in manufacturing. She said we want you to see 100% of the training funds being utilized and when we build our capability for these types of jobs, employees are gaining portable and marketable skills, and companies look to hire people with that type of training under their belt such as Kaizen and Lean Six-Sigma. Mr. Willis said yes, he is excited and has seen this work before at a different company, and they were very successful with ETP training. The skills are portable so people can take them to any job whether it is a hospital or a manufacturing company. He said Lean Six-Sigma is used in every business today so he was very excited about the opportunity to bring this to the three companies.

ACTION: Ms. Roberts moved and seconded approval of the Proposal for Arden in the amount of \$607,680.

Motion carried, 5 – 0. (Ms. Avdis absent for the vote)

Ms. Torres made a general comment about the PL because the Panel had asked about the ratio and she didn't know what the ratio was; she said there is a good reason for that. As you know, the PL is currently still in the pilot, that is where we are at right now. We do have an extensive

worksheet that staff provides to proposed contractors which asks detailed questions about their PL, because unless you have actually seen it, you don't know what it looks like. As a result of the Panel's concerns that were expressed over the last two Panel meetings, we will be looking at the types of questions that we ask on the applications. When we put this worksheet together, we were basically flying blind and we had not done this before. We are looking at not only your comments as a Panel, but also the Acting Executive Director's comments over the last month as well as staff feedback. She said her staff will be upgrading the PL worksheet and one of the questions will always be what exactly is your PL ratio, as opposed to are you going to keep it within 1:10. The reason the PL ratio was not included with all of the proposals this month, is because last month these proposals were already in Sacramento. So we are hoping that by the December 2013 or January 2014 meeting, we will have addressed and asked at least those questions that the Panel wants answered. It is a process, and the Panel could ask the representatives here at the meetings, what the PL ratio is. Mr. Broad said he did not have a problem with that but was trying to wrap his head around the issue of PL because it is one of these things where on one end of the continuum, it can really be abused and at the other end of the continuum, it is absolutely necessary and really important. His working hypothesis at the moment is that PL is less of a concern, the higher skill the job is. So if in the actual world you are showing an unskilled or semi-skilled worker how to do something that takes 30 seconds and then you watch them do it for three days that is what lends itself to abuse. If you are showing a machinist producing aircraft parts to high tolerances how to do something, and a significant amount of skill is involved, and then you take them out and watch them do it, and that's the PL. That is obviously less of a concern and a good way for people to learn and appropriate. So it may be one of these things where it won't lend itself as easily to a questionnaire as it will be to actually drilling down into their workplace environment and what they are really doing. That is hard on the staff and makes it a little bit ponderous and difficult, and we don't want to make it more complicated for the applicants than it is. He said we have to protect this program from abuse and this is an area of concern, I don't know any other way around it. When we start seeing the percentage of PL increasing and the amount of it in each project increasing, it means that people are migrating to it for a reason, and the reason may not always be the reason we would like to see as the guardians of the fund. Ms. Roberts said especially being in the environment, we know that if you have one instructor for ten people doing work, it is very noisy and sometimes there are space restraints. The instructor cannot always get out there and there is no real learning that is taking place, so I guess we would have to evaluate each one of these work environments to make it acceptable to us. Mr. Broad said, and maybe it will just be the Panel members' job as Ms. Torres is suggesting drilling down on what is going on because the staff is only going to be able to go so far with it while still meeting the Panel's demands and in processing these proposals in an expeditious manner.

BAE Systems San Diego Ship Repair Inc.

Ms. Torres presented a Proposal for BAE Systems San Diego Ship Repair Inc. (BAE-SDSR), in the amount of \$286,670. BAE-SDSR repairs and refurbishes marine vessels for government and commercial customers. The majority of shipyard work at BAE centers on the U.S. Navy fleet landing platform docks, dock landing ships, cruise ships, tankers, and barges. BAE's ship-repair capabilities include structural and piping modifications, machinery repairs and alterations, combat systems and electronics upgrades, ship conversions, and modernizations.

Ms. Torres introduced Robert Kilpatrick, VP & GM and Thomas Bright, President of Bright Training Solutions.

Ms. Roberts asked if the new workers they are hiring go through an onboarding program or new employee orientation. Mr. Kilpatrick said yes, they have a new employee orientation that includes going over safety, small tools and how to use tools for the new hires. He said the real key that is driving much of this is process control procedures for the Navy. He said they have really brought up the level of quality so the real training in this proposal is how to do process controls, and how to use computers, and how to do the functional processes. When they have a good worker, they consider how they could upgrade them to handle the new quality control elements. Ms. Roberts thanked him for his candid response around taking accountability for their poor prior performance. She said that is a big issue for the Panel, as you have probably heard. She asked Mr. Bright if this is the first time he has worked with BAE. Mr. Bright said he was their training manager in the 1980s and he has worked with them ever since, on-and-off. Ms. Roberts asked if he had anything to do with the ETP programs and the administration. Mr. Bright said not the previous proposal, no. Ms. Roberts said the Panel likes to see corrective action and it looks like you are going through the right processes in order to make that happen. She said at first she noted that this proposal was for too high of an amount of money and then she realized that the majority of the funds is for new-hires versus retrainees. She said your performance did not reflect a good number but it sounds like you are on the right track now, personally accountable and confident that you are going to succeed. Mr. Broad said yes, he reached the same conclusion.

Mr. Hart said materials state they had literacy issues as one of the reasons for their prior poor performance and asked what they have done to address that. Mr. Kilpatrick said the literacy issue was in literacy training. He said there were three different administrators and there was a misunderstanding that literacy could only be 40% of a person's curriculum. So they trained the full contract in literacy but nobody had a lot of other training, and so they were not funded for all of the literacy training they completed. Ms. Torres said we do have a cap to literacy training because it is not considered a true vocational skill. So if you are going to do 45 hours of literacy skills, you need to compliment that with another 45 hours or plus a vocational skill. What happens in some companies, is that most start with literacy skills when they begin their training plan, which is actually a good idea; however, when they get into it, and I don't want to speak for BAE, they find that they actually need more hours than they expected even though they do assessments and we require an assessment be done. Because of that, the vocational skills do not get provided until later or if there is a problem with that compliment. That is why our requirements, although they are good, sometimes there are unintended consequences. As a result, they did a lot of literacy training and they just were not able to compliment it with a vocational skill in order to reimburse for all of the training. Mr. Kilpatrick said there was a change in management so they did not understand that then but they have a full-time trainer now, a welding skills trainer, and they have the staff and capability, and the third-party, and he believes they have it under control.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of the Proposal for BAE-SDSR in the amount of \$286,670.

Motion carried, 5 – 0. (Ms. Avdis absent for vote)

Baker Electric, Inc.

Ms. Torres presented a Proposal for Baker Electric, Inc. (Baker Electric), in the amount of \$171,744. Baker Electric is a full-service electrical contracting company that provides pre-construction, engineering and project management services to its customers located throughout Southern California. Its clients include residential and retail businesses in a variety of industries including commercial, education, biotech, energy, healthcare, hospitality, industrial, manufacturing and military.

Ms. Torres introduced Brian Miliate, CFO.

Mr. Rodriguez asked if they are doing any public sector work with the CPUC, the San Diego power or electric company, or the County of San Diego. Mr. Miliate said absolutely, in fact they have built court buildings, done much military work in the public sector, and they work directly with the CPUC because they are a turn-key provider for the solar systems and the CPUC provides incentive rebates at the commercial and residential level, so they actually process those rebates, and have participated in some of the stakeholder meetings of the solar industry along with some other of their stakeholders in the community. Mr. Rodriguez asked if they are providing the designing of the systems and not the manufacturing of the systems. Mr. Miliate said yes, that is correct; they design.

Mr. Hart said this is an excellent proposal with a low turnover rate, and it has all of the elements that he personally likes to see; a great deal of training for the amount of funding.

ACTION: Mr. Hart moved and Ms. Roberts seconded approval of the Proposal for Baker Electric in the amount of \$171,744.

Motion carried, 5 – 0. (Ms. Avdis absent for vote)

Edwards Lifesciences LLC

Ms. Torres presented a Proposal for Edwards Lifesciences LLC (Edwards), in the amount of \$495,000. Edwards is a worldwide developer, manufacturer and marketer of medical devices and technologies used in the treatment of advanced cardiovascular disease and hemodynamic monitoring.

Ms. Torres introduced Cynthia Lenahan, Director of Technical Training.

Mr. Broad asked staff for clarification about the Substantial Contribution (SC) as materials state a 50% SC and Ms. Torres stated it had a 30% SC. Ms. Torres said the correct SC in this proposal is 50% and said the previous proposal had a 30% SC.

Ms. Roberts asked Ms. Lenahan if she was involved in the previous ETP contract. Ms. Lenahan said no, she was not. Her role is new and she will have full ownership and will have oversight of the implementation and meeting the tracking and other requirements for the performance-based contract. Ms. Roberts said the last proposal had a 30% SC and this one has a 50% SC, so you have to do double the training for the amount of money. It is a little tricky, because sometimes people don't quite understand where that 50% SC affects the amount of hours of training that

you have to provide in order to get the full amount of the dollar. I know that Edwards has been coming to the Panel for many years and you have always done a great job and had a solid training curriculum but just FYI since this is your first one, it is a lot of extra training that you will not get funded on. Ms. Lenahan thanked Ms. Roberts and said she knows that not only is her role new, she has added headcount last year in the first year. She just submitted her annual AOP, adding two more headcount, because she knows what has to be done.

Mr. Rodriguez asked if the 300 employees who are classified engineering staff have four-year degrees. Ms. Lenahan said yes, and they also have product lab technicians. She said the product lab technicians do not all have a degree. She said some of them are para-professionals with 30-40 years of experience. She said they have very little automation at Edwards and all of their heart valves are sewn by their hourly workforce and their product technicians working with the engineers. She said it requires high manual dexterity and bench-top tactile learning is involved, not only for the operators but for the engineers too. Mr. Rodriguez said, and those workers are lab technicians? Ms. Lenahan said yes, that is correct. Mr. Rodriguez asked if lab technicians are on the list to be trained. Ms. Lenahan said they may show up in some of the training, but this particular proposal is geared toward their technical engineering staff, specifically those that will be certified in Six-Sigma, which is critical as they have a need to standardize their work. They have to get them black belt certified or green belt business process certified. In addition to that, they have to ensure that they have the appropriate skillset to understand the regulatory requirements. Mr. Rodriguez asked if that is because they are the ones that actually sign the forms, and not the technicians. Ms. Lenahan said yes, that is correct.

ACTION: Ms. Roberts moved and Mr. Hart seconded approval of the Proposal for Edwards in the amount of \$495,000.

Motion carried, 5 – 0. (Ms. Avdis absent for vote)

Western Digital Corporation

Ms. Torres presented a Proposal for Western Digital Corporation (WDC), in the amount of \$607,070. WDC designs, manufactures and sells high-performance hard disks, solid state drives, and other consumer electronics.

Ms. Torres introduced Jason Bibelheimer, VP of HR Operations and Susan Hagg, Sr. Manager of Training & Organization Development.

Ms. Roberts said they did a great job on their last two projects in earning 100% and that she only buys WDC products.

ACTION: Ms. Roberts moved and Mr. Rodriguez seconded approval of the Proposal for WDC in the amount of \$607,070.

Motion carried, 5 – 0. (Ms. Avdis absent for vote)

California Newspapers Partnership

Ms. Hernandez presented a Proposal for California Newspapers Partnership (CNP), in the amount of \$504,000. CNP is closely affiliated with other publishing employers throughout the

state through West Coast MediaNews. CNP and its affiliates publish a wide variety of daily and weekly print newspapers, focusing on local news and information with advertising geared to businesses that have a regional client base.

Ms. Hernandez introduced Stephanie Ardoin, California Training Manager.

Mr. Broad asked if CNP is actually a single-employer or an entity that serves the newspaper industry. Ms. Ardoin said they kind of fall under a single-employer. She said it was confusing when they were putting the first contract together, but they are a single-employer throughout CA and all affiliated. Mr. Broad asked if all of the newspapers are essentially owned by one entity. Ms. Ardoin said yes, that is correct.

Mr. Rodriguez said he was a little confused since the San Francisco Chronicle is an independent company and not part of their consortium. Ms. Ardoin said no, they are not. Mr. Rodriguez asked if the papers are all owned by one company. Ms. Ardoin said yes, that is correct. Mr. Rodriguez asked for the company's name. Ms. Ardoin said it is called the California Newspapers Partnership.

Ms. Reilly said this was one of the most difficult corporate formation issues we have had in eligibility determination and staff did extensive research at that point in time. She said there were several phone calls with our eligibility manager and representatives and they conducted research via Dun & Bradstreet and the Internet. They finally resorted to what we often do, which is we let a primary entity, in this case the partnership, step forward to hold the contract and assume the liability, and training would take place among the affiliated entities; so it is not a MEC because they are not recruiting additional employers, but we are satisfied that there is an appropriate oversight by California Newspapers Partnership, which is the holding the contract for the training delivery. Mr. Broad said it just seems like it has more of the character of a MEC than a single employer. Ms. Reilly said we got the impression it was more of the nature of this industry sector: print newspapers that are involved in forming different alliances. She said she was satisfied and agrees this is a good way for them to hold the contract. Mr. Broad asked if an industry forms a training consortium that serves a number of independently owned entities within that industry, why isn't it a MEC? Ms. Reilly said it is not a consortium because it was already an entity that had been formed for various reasons. Mr. Broad said but it does not sell a product directly, right? Ms. Ardoin said yes, they sell newspapers, digital advertising, and digital news.

Mr. Rodriguez asked how many employees California Newspapers Partnership has. Ms. Ardoin said there are 2,362 employees. Mr. Rodriguez said because you are counting the employees that work at the Oakland Tribune. Ms. Ardoin said yes, that is correct. Mr. Rodriguez said, the Oakland Tribune is owned by the Bay Area Group Media. Ms. Ardoin answered in the affirmative. Mr. Rodriguez asked if the Bay Area Group Media owns CNP. Ms. Ardoin said no, it's the reverse as CNP owns Bay Area Group Media. Mr. Broad said, so it is similar to a holding company.

Claire Gaval from CNP's corporate office said basically their company is California Newspapers Partnership in CA. They have properties in Southern CA with the Los Angeles Newspaper Group and they own about six-to-eight publications there, and they also own properties in Northern CA and the Bay Area Newsgroup. All of those roll up to one president, Steve Rossi,

who heads up the California Newspaper Partnership and staff reports directly to Mr. Rossi. Mr. Rodriguez asked where their office is located. Ms. Ardoin said they have several different offices, but she is located in Marin, and have a headquarters in San Jose. Mr. Rodriguez asked how many employees are in San Jose. Ms. Ardoin said she does not have the exact breakdown of the number of employees at each of their locations. Mr. Rodriguez said he was only asking how many employees are at the San Jose location. Ms. Gaval said they have over 200 employees in San Jose. They are in the process of centralizing their print operations, so they are trying to migrate some of their staff from San Jose, but they will still continue to have a presence in San Jose for the San Jose Mercury News, and the CNP headquarters would be based in San Jose too. Mr. Rodriguez said he read that there was a consolidation in the marketplace and this is the direction that Mr. Rossi is headed towards as the CEO. So does that mean that you are closing down some of the properties? Ms. Ardoin said what is happening, is now that they are transitioning to the new digital media and don't need these large properties that have all the printing presses. We do provide papers but we don't need it in every single location, so we are trying to do some consolidation as far as making sure that our overall processes, procedures, technology, are all streamlined across our locations. We are also downsizing where we are housing our employees and the property that we have. They are trying to get to a better work environment and better resources for our employees. Mr. Rodriguez said so there is no job creation component to this proposal? Ms. Ardoin said no, there is not. Mr. Rodriguez asked if this time next year, if there will be a reduction in workforce. Ms. Ardoin said they are trying to be able to sustain their workforce. Ms. Bell asked if that was a yes or a no answer. Ms. Ardoin said they are trying to do job protection and are hoping that they won't lose more employees and want to protect the employees that they have.

Mr. Broad asked where the training will take place; at a central location or at separate locations. Ms. Ardoin said at each one of the separate newspapers. Mr. Broad said so one day you will be at the Contra Costa Times and the next day it will be at the San Diego Valley Tribune. Ms. Ardoin said yes, that is correct. Ms. Avdis asked how this training is different from the training that was done last year. Ms. Ardoin said the training in the last contract was really about teaching their employees about the digital world and it was real base line training. There are employees that have been with them for 20-30 years, so they have been on a newspaper press or have been working in news, but they have not necessarily been on social media and delivering or selling digital advertising. So what they had to do was, it was a very baseline introduction to these things, and we are hoping with this next grant that we can take it a step further and really teach them the best practices and make them experts in the field. Mr. Rodriguez said I understand the market, but are you moving to a one-brand publication in the Bay Area and if so, when? Ms. Ardoin said they still have a local presence and local presses in many areas. Mr. Rodriguez said it has to do with direction of the company and policy. Ms. Gaval said their company's vision and their Chairman's philosophy is that they want to be the local brand. That is why they use terms such as San Jose Mercury, Pasadena Sun Times and the Vallejo News. Basically they are serving the communities that they are in, and they want to continue to have that branding for those communities, so they will go by the L.A. Daily News or the Pasadena Sun Times. They are part of a bigger organization, but they do value their local presence. Mr. Rodriguez said so the future is that you are going to have a digital brand presence but your operations will be centralized, therefore workers will be in this competitive market to essentially compete with each other to get these positions in the next two years. Ms. Gaval said, are you asking if our people are going to be competing internally with each other? If so, the answer is no; they are basically trying to work smarter by collectively working together

with our other properties across the company. Mr. Rodriguez said he has experience in cable so he knows what happens in consolidated markets and you move to a digital presence, we would just like to know. Mr. Broad said so what is going to happen over time is that the Contra Costa Times, the San Bernardino County Sun, if you bought the paper, hopped on a plane and bought the next paper, it would look pretty much the same except for the local news but it would be laid out the same and produced in a central location at the same international and national stories; is that likely where it is headed? Ms. Gaval said what they are about is again, local content; so will there be some commonalities across the different publications? Absolutely, as with most media organizations they draw from the Associated Press and will take stories of a national or international interest, but they pride themselves on their local presence so what you will see is typically the local sports and local happenings in the community. They use the medium that they provide to support that, and they don't intend to change that. Mr. Broad said it might have the same editorial board or the same national news, and be laid out the same, correct? That seems like it would make sense in this market, especially. Ms. Gaval said local editorial content will still be local editorial content, so if they were to report on local elections, for example, within the community about what is going on, they would also report on what is going on nationally. So national content or international content would certainly potentially be done at a corporate level, but for the local content that would continue to be about what is going on in the local area. Mr. Rodriguez said, so essentially you are developing one platform and the new construct in terms of your workers in the future could be, I'm not saying it will be, but could be that you will have independent contractors to provide local content and because it is one platform, your Contra Costa reporter can also report on events occurring in Vallejo, Oakland and San Jose because he or she will be an independent contractor roving the area and then providing content to one platform, a digital platform. Ms. Gaval said, I don't think so, they will never be independent contractors, and the intent is that they are still going to be local providers in the community that they are serving. Ms. Ardoin said yes, and they work for us and they are our employees.

ACTION: Mr. Hart moved and Ms. Roberts seconded approval of the Proposal for CNP in the amount of \$504,000.

Motion carried, 6 – 0.

KLA-Tencor Corporation

Ms. Hernandez presented a Proposal for KLA Tencor Corporation (KT), in the amount of \$577,879. KT manufactures manufacturing inspection systems (yield-management and process-control solution machines and software) for the semiconductor, integrated circuit (essential components in advanced electronic products such as cell phones, PDA's, computers, telecommunications devices, automotive engine management systems, and electronic games), data storage, high brightness light emitting diode, photovoltaic, and other nanotechnology-based industries.

Ms. Hernandez introduced Efren Lopez, Sr. Director of Learning & Knowledge Service.

Ms. Roberts said again, as previously mentioned with the Edwards Lifesciences proposals, you have a 50% Substantial Contribution (SC) which means you have to train double the amount of people only to get half the funds. So it is something you need to be aware of, otherwise you will

not meet the numbers. Do you understand the 50% SC? Mr. Lopez said yes, Phil Herrera and Diana Torres have briefed them on the SC.

Mr. Rodriguez asked what contributed to the poor performance in the prior contract where they only earned 46%. Mr. Lopez said it was not due to a training related issue but it was more of an industry cyclical downturn that a lot of the semi-conductor companies experienced during that timeframe. It was an economy-based driven effect that caused them to come short. They changed their business strategy during the down time and held on hiring, and it impacted the overall training results. Mr. Rodriguez asked if there was an impact on the workforce, workflow or a management change of direction. Mr. Lopez said it impacted more of the workforce, and the industry took a downturn and they were not hiring as much. They had to maintain profitability and they were not bringing on as many people as they could during the timeframe, given that business was in a downturn.

ACTION: Ms. Roberts moved and Mr. Hart seconded approval of the Proposal for KT in the amount of \$577,879.

Motion carried, 6 – 0.

Mr. Lopez asked if he could share an observation with the Panel. He said he appreciates what the Panel is doing for working with government and industry to make it successful. The one observation, when he looked at the SC, is it looked like it was reduced down to 50%. In the semi-conductor industry, they follow the semi-road map of continuing to innovate, making the devices smaller, and the innovation impacts technology, improves lives and processes. The amount of training going forward is being driven by the 450 millimeter industry, and the training is getting more expensive, requiring more time and effort, not only for their new hires but their existing employer work base, that has worldwide expertise. With that observation, the SC feels like a penalty for continuing to innovate, and that is just his observation. Ms. Roberts said, to provide history on why ETP requires a SC for repeat contractors, we have a certain amount of funds that we need to get out, and for those companies that have come to the Panel numerous times, we feel that they need to contribute more money on their own to train their employees and we will then supplement that with additional funds. In many other states, you do not come back for more funding for three years, so during those three years you have to handle it on your own budget. She said, she believes ETP is very generous, and we just made some concessions; but good observation, and we continue to improve these processes. We have done away with a lot of high-earner reductions, so you could have been impacted by that too. She said that's a good observation, but she wanted to provide him with some history behind that. Mr. Rodriguez said it is perfectly okay if Mr. Lopez would like to share with the Panel, a white paper that is coming out of the semi-conductor industry in terms of innovation, where the industry is going, and what kind of workers and skills they need. For example, he is a little familiar with Applied Sciences who has been around for a long time. They have expanded and contracted and have come to ETP and received significant investments but many of their processes now are moving offshore. So those are some of the issues, and this is high-skilled and high education work, and anything you would like to bring to the Panel in terms of trends would be very helpful.

Xilinx, Inc.

Ms. Fernandez presented a Proposal for Xilinx, Inc. (Xilinx), in the amount of \$140,400. Xilinx is a technology company that manufactures programmable logic devices used to build digital circuits. Xilinx is known for inventing the field programmable gate array (FPGA) which is a semiconductor device containing programmable logic. Xilinx chips are used in automotive products, ultrasound imaging, robotically-assisted surgical systems, IT gear for wireless computing, mobile applications, consumer 3-D TVs, mobile communications used on the networked battlefield and even sophisticated space vehicles exploring the outer reaches of the universe.

Ms. Fernandez introduced Dave Alper, Director of Global Learning & Development.

Ms. Roberts said it looks like you are on track, and we reduced your funding because of poor past performance which is unfortunate. She said if you can show stellar performance, and it looks like they have hired additional staff, they could always return for an amendment for the remaining amount that they lost due to their past performance. She said she appreciates that they have made some action plans in order to make this happen and she knows that when companies lose infrastructure, especially when the person that wrote the contract or is going to administer it, leaves the company; performance can be affected, as she has seen that happen before.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of the Proposal for Xilinx in the amount of \$140,400.

Motion carried, 6 – 0.

Tesco Controls, Inc.

Ms. Hernandez presented a Proposal for Tesco Controls, Inc. (Tesco), in the amount of \$101,520. Tesco is a full service system integrator and original equipment manufacturer specializing in the water/wastewater, traffic and electrical utility industries. Tesco is 100% employee-owned through an employee stock ownership plan. Tesco's product line includes designing and manufacturing programmable logic controllers, process instrumentation, integrated pump control panels, motor control, and supervisory control and data acquisition systems. These products allow municipal water/wastewater and irrigation districts to monitor and control treatment plants, water distribution systems, and wastewater collection systems. Tesco also offers a complete range of professional services including: engineering design, technical studies, customized computer programming, field installation, field calibration, technical support, and maintenance packages.

Ms. Hernandez introduced Shari Ballou, HR Manager.

Mr. Broad had a question for ETP staff regarding the state minimum wage set to increase July 1, 2014 from \$8 to \$9 per hour and eventually increasing to \$10 per hour during the term of this proposal. He said if we are going to grant a wage modification, wouldn't it be granted based on the hourly rate going up by \$1 per hour when the minimum wage changes? In other words, the Panel would be voting now to grant them an actual increasingly larger wage modification,

correct? In other words, their wage stays here and the minimum wage goes up. So that means at the end, the minimum wage has gone up \$2 per hour, and they only have to earn \$11 per hour. You would think that someone who was at the modified wage would be bumped up at that point, see what I'm getting at? Ms. Reilly said staff discussed that yesterday at a pre-Panel meeting. In this case for example, their lowest base wage is \$10 per hour, and the ETP post-retention wage is not based on minimum wage; it is based on county average wages or state average wages based on LMID data. Of course, when the minimum wages go up, the companies will have to comply, not because of ETP, but due to the Labor Commissioner's oversight of the law. So there may be a situation, although I don't believe it will get to this point, where we might have a modified wage that is lower than what they are actually paying; but the result would be, it would still make our contract minimum standard. That they are possibly going to pay more because of the change in the minimum wage, than what's in the contract, is okay. In other words, if they pay more than they have to pay per our contract, that's not bad; they will exceed the contract minimum. Mr. Broad said another way of looking at it is, if the post-retention wage is \$11.02 per hour and the minimum wage is \$8 per hour, then that means that their post-retention wage is \$3.02 per hour above the minimum wage. So why don't we require, if we are going to do any modification, that it be \$3.02 per hour above the minimum wage at any point at which the minimum wage goes up. Otherwise, we are granting them an increasing exemption and that does not seem right to him. Ms. Reilly said, we can consider that and we will have to start building it into the contract language. Mr. Broad said, well the minimum wage is going up so they are asking us to reduce something. If we agree to do that, I personally think it ought to stay at the same relative relationship to the state minimum wage since these workers are not much above the state minimum wage and they are low-wage workers to begin with.

Mr. Rodriguez asked if staff has communicated with LMID to incorporate the new minimum wage in the near future. Ms. Reilly said we won't have to communicate because their averages are based on prior earnings so it will eventually just roll forward. So there will be a period of time where the LMID data, which is based on prior year averages, is not going to be a reflection of minimum wage; but we don't go on minimum wage; we go on average wage per county or statewide. We could always caveat with any post-retention wage that we use. We could caveat and in no event will the wage be less than a \$3.00 differential. Mr. Rodriguez said right, but to the Chairman's point, can we do it as a body in a rulemaking procedure or can it just be an administrative policy? Ms. Reilly said, I think it could be done through the contract. Mr. Broad said he also believes we could do it with each contract because they are not all requesting this; only some of them ask for it. He asked the company representative if she would be agreeable to that. Ms. Ballou said yes, that does make sense, thank you. Mr. Broad said so that means that next July 2014, instead of being \$11.02 per hour it will be \$12.02 per hour, and then when the minimum wage increases to \$10 per hour, it would increase to \$13.02 per hour, and the average will be rising because the minimum wage is going to go up. Ms. Reilly said, so as I understand it, Mr. Chairman and Panel, without it being an action item, you are asking staff to look into appropriate language for contracts in going forward where we have made a wage modification, such that if we are modifying down the wage, we put in the contract a caveat that the differential between minimum wage and the post-retention wage be \$3 per hour, reflecting changing labor law. Mr. Broad said, right; it doesn't have to be \$3 per hour, it has to be whatever the original request is and what we demand. So in this case, does everyone understand? I will make this in the form of a motion that we approve it conditional that the post-retention wage differential, tracks the minimum wage as the contract moves forward.

ACTION: Mr. Broad moved and Mr. Rodriguez seconded approval of the Proposal for Tesco in the amount of \$101,520, conditional that the post-retention wage differential, track the minimum wage as the contract moves forward.

Motion carried, 6 – 0.

Multiple Employer Proposals

Northern California Surveyors Joint Apprenticeship Committee

Ms. Hernandez presented a Proposal for Northern California Surveyors Joint Apprenticeship Committee (NCSJAC), in the amount of \$59,978. NCSJAC provides up-to-date skills training and to secure high-quality job opportunities for surveyors. The participating employers are surveying, engineering, and/or construction companies.

Ms. Hernandez introduced Joanie Thornton, NCSJAC Administrator; Lisa Clark, Administrative Associate; and John Rector, Sr. Business Representative.

Mr. Broad said he does not have any issues with this proposal and obviously, the apprenticeship proposals we had before us where their last one was affected by a recession, I completely understand that, and personally would not be opposed to you returning to request an amendment to increase the funding if the labor market supports it. Ms. Thornton said, and they hope to do that. Mr. Broad said this proposal amount has been right-sized, based on our general standard of giving people what they earned last time when they had poor performance. But I believe your situation is a little different, because the thing about apprenticeship training is, there is never really a problem with the training because the training is always really good and the problem is with the market. We don't worry about the quality of the training, who is doing the training, or how the training is being delivered, because it is a very tried-and-true system where there is a lot of commitment on the part of the trainers and the people being trained and the employers. So it is not really an issue, the issue is that it is subject to the economy, which is brutal when it comes to the construction industry, which has been particularly bad in this go-around. So I personally would invite you to come back if there is the demand, so I will make a motion to approve.

ACTION: Mr. Broad moved and Ms. Roberts seconded approval of the Proposal for NCSJAC in the amount of \$59,978.

Motion carried, 6 – 0.

Comprehensive Training Systems Incorporated

Ms. Torres presented a Proposal for Comprehensive Training Systems Incorporated (CTS), in the amount of \$250,243. CTS is a non-profit, community-based organization operating training facilities in the cities of Imperial Beach and San Diego. CTS has provided comprehensive employment training to unemployed, under-employed, and "hard-to-serve" populations including Cal WORKS recipients, limited English speakers, ex-offenders, and high school drop-outs.

Ms. Torres said they are requesting wage modifications for Job No. 2, which is the SET ex-offender and in Job No. 1, which is HUA. She said there are seven individuals proposed under the HUA and ten under the ex-offender. There is a post-retention wage of \$9.66 per hour, which is about a ten cent difference from the projected base wage, so as far as the first issue with the CA increase, obviously there won't be an issue with that. However, with regard to the second issue, which is the percentage of the modification which we discussed, that is something that perhaps we have to discuss with Ms. Blair Forth. At this point, what I'd like to know from you before we go further is that if that post-retention wage of \$9.66 per hour has to be increased, would you still be able to place the ex-offender group and some other of these trainees, the seven individuals, under the HUA. Ms. Blair Forth said actually their average is higher than the \$9.66 per hour and it is more like \$11 to \$12 per hour, so she said she does not see a problem as long as the benefits are there by the employer, and they always request to place folks with companies that pay benefits.

Ms. Torres introduced Linda Blair Forth, CEO.

Mr. Broad said it is great that they are training ex-offenders and he doesn't believe enough is being done in that area in general. So if you can meet this, that would be great, track the increases. He asked which employers are hiring. Ms. Blair Forth said they vary; manufacturing employers, and with their maintenance folks, one of the young men who is an ex-offender is earning \$16 per hour; and he was placed in manufacturing with one of their long-term employers that has turned to CTS. She said part of their training is that they get EPA certified so employers look to them because most training does not do that but they do, so they come to them looking for people with those certifications. Mr. Broad said he was very inclined to be supportive because they are going after a very tough population to bring successfully into the labor market, they are searching that out, and so he is supportive of this proposal. He said, I appreciate your willingness to go along with the proposal and the minimum wage increases. If you are able to do that, I think that pretty much everyone else should be able to do it too. So I am certainly prepared to move this project forward.

Mr. Rodriguez said CTS does phenomenal work and he is familiar with some of their work in San Diego. He asked if a recipient involved in their training continues to receive the UI weekly benefit amount and if they also get paid by the non-profit. Ms. Blair Forth said they continue to receive their UI benefit as a CA training benefit, but they don't pay them while they are in training, so they are there voluntarily. Mr. Rodriguez said so they don't receive a stipend? Ms. Blair Forth said no, they don't; it is their commitment to be trained, and is one of the things that they talk to employers about, is that these people are there solely because they are committed to getting trained. Mr. Rodriguez asked with the ex-offender population, if employers are still receiving a payroll tax credit when they hire an ex-offender. Ms. Blair Forth said yes, they talk to employers about the worker WOTC credits, so if they hire ex-offenders or welfare clients, they get a credit and we walk them through that because they get certified by EDD in Sacramento. So they have the paperwork to give to them and inform them of the tax credits that they can have before they start working. Mr. Rodriguez said that is excellent and asked if that is still for five years. Ms. Blair Forth said yes, it is. Ms. Roberts said yes, it is the same with Enterprise Zones too. Ms. Blair Forth said that is if the Enterprise Zones still exist after January 1, 2014. Ms. Avdis said the boundaries themselves exist, but not the way the Enterprise Zones exist today. The Enterprise Zone boundaries will still be in play when it comes to the hiring tax credit.

ACTION: Mr. Broad moved and Ms. Roberts seconded approval of the Proposal for CTS in the amount of \$250,243.

Motion carried, 6 - 0.

IX. MARKETING UPDATE

Robert Meyer said he is ETP's new Marketing Director, and he is very happy to be doing this. It has been a month since I have been in this position and there has been much change and a lot is happening. We are very busy and I'm very encouraged by this. Many projects are coming in.

The first update covers the two marketing contracts. One covering labor and management proposals, engagement of signatory employers, and DAS recognized apprenticeship programs throughout the state with an emphasis on L.A. That agreement is in place, we had our engagement meeting with the California Federation of Labor yesterday, so we will be seeing projects coming in very soon if not already. I have not looked at the preliminary applications this morning, but I am sure they will be coming in. Mr. Broad asked who the main person is at CLF that he is dealing with. Mr. Meyer said primarily John Brauer and Jan Borunda. John is overseeing it but Jan is our contact point. But their entire team, they actually have a staff in place in Los Angeles and we will be working closely with her to bring her up on the programs and the models outside of the traditional apprenticeship programs which Cal Fed is very strong in doing. We are excited about that partnership. The second marketing contract is with California Manufacturing and Technology Consulting, that is one of the NIST labs and Manufacturing Extension Partnerships in Southern CA, and Rocio Leon leads that. The contract will be a partnership between CMTC and Manex, the corporation for manufacturing excellence, and they are going to provide statewide outreach with an emphasis in the Los Angeles region, for priority industry projects particularly in manufacturing, advanced manufacturing and biotechnology. We are very excited about this partnership because both of these organizations have actively engaged workforce investment boards and several EDCs on regional projects. Notably, Manex's support of the Alameda County Workforce Investment Board's manufacturing program, where they are leveraging additional program resources and building in a WIB-based and WIB-driven model for manufacturing training, which is performing very well. We are looking to see that actually expand into other areas. The emphasis of this marketing contract will be large single employer contracts, primarily in the Los Angeles area. That has been awarded; we are in negotiation now to finalize a contract and we will provide an update most likely through the Executive Director's report at the next Panel meeting.

Beyond that, staff is finalizing the Marketing Plan based on the Strategic Plan. A couple areas of interest will be the new things that we are doing, and we will be glad to share that once it is done. A couple of key features of the Plan are going to be our direction in targeting under-served areas in the Central Valley, and areas of HUA, such as Imperial and Fresno counties. Barry Worthington updated an engagement letter that was sent out three weeks ago. We already have ten meetings scheduled from that. We've worked with our regional offices to ask areas that they want served as well, so we are going to do the same thing in the north peninsula of Marin, Napa and Sonoma counties and then Santa Clara, San Mateo, and Santa Cruz counties. Some other areas of the state that we will be engaging in, are new partnerships built around the community colleges, and the WIBs are in Monterey, San Luis Obispo and San Benito county regions. Upper, up-state; with up-state we actually were a sponsor for a North

State California Manufacturing Directory, which is a partnership of NORTEC and the California Manufacturing Technology Association. We were at an outreach event for the initial launch on October 8 in Chico and that has actually yielded some preliminary applications. There will be three more events in Northern CA and they have been tentatively scheduled. We also have a few media opportunities we are putting together, so we are very excited about that partnership.

One area about the marketing plan I'd like to mention is the research efforts that we are going to undertake. We need updated information about talking points, program information about what is valid in our program, and why does this program work; a lot of information is a little outdated. There are also other research efforts from other agencies within workforce development community and community colleges, and we are going to be leveraging their research efforts, see what we can actually piggy-back off of, and then what efforts do we need to start on our own. So we will be following up with information that comes out of that and anything that we can use for advertising, marketing, or other engagement opportunities.

Lastly, we will be up on You Tube in the next few weeks. We will also pursue additional social media. I wanted to mention that we will be engaging the Panel more, on specific projects or areas of interest. We are following up on several leads and any time you have a lead or a potential contractor you would like us to meet or if you just want background, please feel free to ask me directly or through Jill McAloon. I welcome any questions that the Panel may have.

Mr. Hart said, during the break we spoke a little bit about a comprehensive pamphlet you are developing, could you touch on that a bit? Mr. Meyer said yes, actually one of the interesting things we will be doing is providing some brochures that could be easily tailored for a specific audience such as trades, offender/at-risk youth programs, manufacturing retraining, or another industry-specific focus, such as a big conference coming up, the League of Food Processors. So if we can tailor content on a program to you, we would be more than willing to do that. Also we could provide presentation content if you would like a few slides on the program, background data, have questions answered, talking points, how you might engage an employer, we would be glad to provide that. Keep the ideas coming in and we will get them to you.

Ms. Avdis said I know our offices are working together, but please let me know how GO-Biz can be helpful in marketing as well. Mr. Meyer said I actually would be remiss if I didn't point this out. We had a manufacturing event a couple weeks ago and at the last minute Justin Curry from San Francisco GO-Biz attended on our behalf. It was a very productive event and we have seen increased traction with the GO-Biz projects, particularly in Los Angeles with Jeff Malin in Los Angeles and Sid Voorakkara in San Diego, who is also working on the NASSCO project, which has a large offender component. So that is a big expansion project that will be coming forward with several partners that we are looking for in supporting that. We are very happy with the GO-Biz partnership.

Ms. Roberts said just some of the comments from our employers around some of their apprehension in the past, why they are not applying. I know there is probably some state feedback out there as to why we have not gotten, repeat customers back, or why we don't have new employers coming in. Some of the things we has heard is that it is either too arduous, too hard, or whatever the issues are, if we could maybe put something together to alleviate some of those fears and apprehensions out there. Mr. Meyer said he often finds the most effective message comes from a contractor that is using the program. Very recently, we have several

that have come back and performed well. What I want to leverage is their experience, so I am used to that conversation with the HR representative that has to implement the program after the CEO heard about it, and I'm used to talking with people that have used ETP fifteen years ago when it was all paper then, and now it is much more easy to use and access.

Mr. Rodriguez said, but in that vein since we are going to have our own ETP channel, having the opportunity for us to be on the channel, but the employers who had successfully applied and received the benefit, for them to be on the channel by industry, so that their peers can easily access that testimony, that would be fantastic. He said he recently heard that you are on point to ensure that we are going to be very successful in Siskiyou County. Mr. Meyer said yes, we will be in Siskiyou County, and they actually have a very strong economic development program. It is so limited and isolated but I actually go up there and work closely with Shasta County too, and we are enjoying a phenomenal success with Butte College, which is one of the programs that we fund; they have a continuous improvement network supporting manufacturing and they are interested in supporting the north state, so we will see some projects coming from there. Mr. Broad said you are doing a really important job and congratulations on your promotion to it. It is really important what you are doing for our program; I still run into employer people that have never heard of the Employment Training Panel. I hate to hear it is complicated, that is why I haven't applied. It is a little bit more distressing if they have never heard of ETP, especially if they are a very large company. I get it if it is a really small company where you don't have an expectation that they are tuned into this, but some big companies have never heard of ETP and that really shouldn't be. Mr. Meyer said if you have that conversation, you can say I have a guy, please refer them. He said it is a very exciting opportunity for me and I'd like to thank Ryan Swier in San Diego and Barry Worthington, instrumental in the Central Valley, they both do a lot of marketing and we are trying to balance workload and change. We finally received administrative support with Renee Pierce, who has marketing experience, and has helped out in terms of some simple messaging that we have often overlooked, so I am very excited about what we will be able to do for the Panel.

Ms. Bell said I'd like to mention as well, we spoke during the break, and I would appreciate it if Panel members could have a kit to take with us. I spoke in Minneapolis about California field worker safety and they were asking how do you pay for that? So I was able to put my other hat on, but if I could have something in front of me, I have some ETP information, but to be able to give them something would be great. Mr. Meyer said he would be glad to put information or research together.

Ms. Roberts said, just another point, I source incentives across the U.S. and Canada for her company, and there really is not a lot available in CA, there just is not from tax benefits or property tax abatements. So ETP training is really our biggest bucket of change that we can give our employers from an incentive standpoint. So I don't know how you can emphasize that, but there really is not a lot out there. There's a sales tax exemption that is coming on in the next year but that is only for manufacturing. Ms. Avdis said there is the CA Competes Credit too that Go-BIZ will be administering. Mr. Meyer said, actually it's a really interesting opportunity for us and I consider a strong opportunity with the changes in the enterprise zones, essentially recession in some areas of what qualified previously as well as some of the changes and structures and new tax credits that are available for manufacturing equipment. It has provided us an opportunity to go into companies that feel they are not getting serviced from CA and what can you do, and then they mention training that they have. He said the expanded Go-BIZ team

has been phenomenal in providing leads, follow-up and arranging meetings. He is going to a logistics firm in Oakland and they not only had no idea prior to meeting with GO-Biz that they could access training funds, but didn't know that ETP would be able to help them. The company has strong partnerships with their WIB that assists with hiring. We also have a relationship with Lorraine Giordano of the City of Oakland WIB. We connected them with another ETP contractor who is providing them background on how to set up their project. That was a new expansion facility in West Sacramento that we funded. They are so engaged with ETP and how they did it, even as a piece of mind, I will have her call him. Mr. Rodriguez said yes, and to your point, there is a reason why Rick Perry was here for 180 days and left CA with nothing, right? We still do not have an integrated system and so what you are doing and Diana Torres and Rosa Hernandez, and staff is doing, is phenomenal because I am familiar with the Bay Area model, where locality has enormous amount of tax benefits and tax control to lure companies, let alone the CA CPUC has their own program, and so what you are doing is connecting the dots and for him the large question is sustainability and with the office of Go-BIZ I think now there is direction from up top, with the apprenticeship program being highly aggressive, with the labor and employers working together, I think really it is just a matter of time where it is much more integrated than it has in the past by huge multiplier factors. Mr. Meyer said I would agree, thank you for your time.

X. PUBLIC COMMENTS

There were no public comments.

XI. PUBLIC MEETING ADJOURNS

ACTION: Ms. Roberts moved and Ms. Bell seconded meeting adjournment at 12:36 p.m.

Motion carried, 6 – 0.