

**STATE OF CALIFORNIA  
EMPLOYMENT TRAINING PANEL MEETING**

Wilshire Grand Hotel  
930 Wilshire Boulevard  
Golden State Ballroom  
Los Angeles, California  
March 27, 2002

**PANEL MEMBERS**

Marsha Kwalwasser  
Acting Chairperson

Barry Broad  
Member

David Brown  
Member

Aram Hodess  
Member

Robert Lennox  
Member

Patricia Murphy  
Member

Tom Rankin  
Member

**Executive Staff**

Peter McNamee  
Executive Director

Ada Carrillo  
Acting Assistant Director

Peter G. DeMauro  
General Counsel

**STATE OF CALIFORNIA  
EMPLOYMENT TRAINING PANEL MEETING**

Wilshire Grand Hotel  
930 Wilshire Boulevard  
Golden State Ballroom  
Los Angeles, California  
March 27, 2002

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

Ms. Kwalwasser, Acting Chair, called the public Panel meeting to order at 9:00 a.m.

**II. ROLL CALL**

Members Present

Marsha Kwalwasser, Acting Chair  
Barry Broad  
David Brown  
Aram Hodess  
Robert Lennox  
Tom Rankin

Members Absent

Pat Murphy

Executive Staff Present

Peter McNamee, Executive Director  
Ada Carrillo, Acting Assistant Director  
Peter DeMauro, General Counsel

**III. APPROVAL OF AGENDA**

Ms. Kwalwasser proposed moving the presentation of the Kwikset Corporation project to the beginning of the Agreements on the Agenda. Kwikset Corporation representatives were present at the February 21, 2002, Panel meeting, but due to a lack of a quorum for a vote, action on the proposal was postponed to this month's meeting.

ACTION: Mr. Brown moved and Mr. Rankin seconded the Panel approve the Agenda as proposed.

Motion carried, 6 – 0.

#### **IV. APPROVAL OF MINUTES**

**ACTION:** Mr. Rankin moved and Mr. Brown seconded the Panel approve the Minutes of February 21, 2002.

Motion carried, 6 – 0.

#### **V. REPORTS OF THE CHAIRPERSON/PANEL MEMBERS**

There were no reports.

#### **VI. REPORT OF THE EXECUTIVE DIRECTOR**

Mr. McNamee thanked ETP staff for their efforts in bringing projects to the Panel and encumbering all budgeted training funds. Mr. McNamee stated ETP would be carrying forward many approved projects into the next fiscal year. He stated the State Budget Committee was impressed with the demand for ETP training funds.

Mr. McNamee reported ETP's Strategic Plan is due July 1, 2002. He proposed conducting an all day work session in May, and adopting an updated Strategic Plan for ETP in June. He suggested ETP expand its reporting process by aligning its annual reporting process, internal management reporting data collection and compilation systems, and budget process so they all fit together closely and are aligned with external processes relative to the Labor Agency, which is in the process of being established effective July 1, and other partners in the workforce development system. Panel members agreed that the work session will be held on May 22, the day before the scheduled May 23 Panel meeting. He stated ETP has been invited to participate in the strategic planning process for the development of the Labor Agency. He stated the possibility of bringing in an outside consultant to assist with the strategic planning process.

Mr. McNamee reported on Assemblymember Koretz' inquiry regarding interest in the Panel to continue efforts of funding welfare-to-work projects. Mr. McNamee responded to Assemblymember Koretz explaining the problems the Panel has experienced with welfare to work projects and the reasons for limiting funding, such as the reapportioning of ETP funds to the Social Service Department.

Mr. McNamee reported on the recent Budget pre-hearings and the problems that may be associated with the State budget deficits. He encouraged everyone that is concerned about continuing funding for ETP to communicate their concern to the members of the Legislature and the Budget Committees.

## **Fund Status**

Ms. Carrillo reported if all projects presented at the March Panel meeting are approved, all available training funds would be encumbered. She stated that there may be savings in Administration funds for the operation of the program which would be allocation to the program training funds to provide contractors the ability to start training this fiscal year.

## **Implementation Plan Update**

Ms. Carrillo stated staff has been moving ahead on many of the objectives set out in the Implementation Plan, such as recommendations on fixed-fee rates. There have been delays in the focus on small business, supplemental training, and evaluation studies on the effectiveness of ETP.

## **VII. REPORT OF THE GENERAL COUNSEL**

Mr. DeMauro stated in order to conduct business, the Panel has to have a legal quorum which is five. If two or more Panel members recuse themselves because of financial interest, which they are required by State law to do, the Panel will not have a quorum to act on any business with regard to that particular project. The Panel has in place a continuing motion that when there is a lack of a quorum, Panel members remaining will sit as a committee of the whole to take testimony, and matters heard by the committee of the whole will be put over for a vote until the next scheduled Panel meeting.

Mr. DeMauro reported on the ETP Appeal Process. He stated any staff decision may be appealed. In appealing to the Panel, Regulation 4450 allows 45 days during which the Panel must perform one of the following acts to move the appeal toward resolution:

1. Delegate the authority to consider the appeal to a subcommittee;
2. Contract with another state agency to consider the appeal;
3. Actually conduct a hearing to affirm, modify or reverse the Executive Director's decision; or
4. Refuse to hear the matter, giving written reasons for the denial to appellant.

Panel meetings currently are held during one day each month. Given the amount of Panel business that must be conducted within that one-day meeting, it seems reasonable to delegate the authority to hear appeals to a subcommittee rather than have the entire Panel take time from the ordinarily crowded meeting agenda to hear an appeal. In the past, the Panel has interpreted "subcommittee" to include a single Panel member acting as hearing officer.

Staff recommended that the Panel delegate authority to the Chair on a continuing basis to appoint a subcommittee of the Panel, which could consist of one to three Panel members to hear the appeal, due to the time constraints at monthly one-day meetings. The hearing officer(s) would submit a proposed decision to the full Panel for adoption or rejection. No testimony would be permitted at the time of the full Panel vote.

The procedure would be that, when an appeal to the Panel is filed, the Chair would announce in the course of a regular Panel meeting that, pursuant to Regulation 4450, there will be a hearing on a specific appeal, and that the date, time, and location of the hearing will be noticed after the parties determine a convenient hearing date and location, and that the public will be accorded at least 10 days notice.

There was need for action at the March meeting since there is currently one Panel appeal awaiting action.

**ACTION:** Mr. Rankin moved and Mr. Brown seconded the Panel delegate authority to the Chair on a continuing basis to appoint a hearing officer to hear the appeal and then submit a proposed decision to the full Panel for adoption or rejection.

Motion carried, 6 – 0.

## **VIII. AGREEMENTS AND AMENDMENTS**

### **Bay Area Video Coalition**

Mr. Broad recused himself from discussion and action on the Bay Area Video Coalition project and on the Entertainment Industry Development Corporation of Southern California project.

Creighton Chan, manager of ETP's San Mateo field office, presented a Final Agreement for Bay Area Video Coalition (BAVC) in the amount of \$1,492,800. The Panel had approved BAVC's Proposed Agreement at the February 2002 Panel meeting and directed staff to prepare a Final Agreement contingent on the submission, review, and approval of Budget Workpapers from BAVC, final determination of the hourly training cost, and final employer contribution amount. Staff has been working with BAVC in reviewing BAVC's budget. Staff has questioned proposed costs for equipment hardware and software, which constitute the majority of the training costs under the Budget. BAVC states that it cannot provide actual costs since the equipment will not be purchased until the Final Agreement is approved by ETP. The determination of the final employer contribution amount depends on the actual costs contained in the Budget. Staff recommended that the Panel approve the Final Agreement at an hourly rate not to

exceed \$37.50, contingent on BAVC submitting its actual costs for hardware and software within 90 days of the Agreement start date and staff's review and substantiation of the \$37.50 within six months of the Agreement start date. Staff will report back to the Panel with their determination regarding the substantiation of the higher hourly rate and the finalized amount of employer contributions. If the Budget does not substantiate the use of the \$37.50 hourly rate, staff will take appropriate action to reduce the hourly training rate through an Amendment.

Mr. Chan introduced Tamara Gould, Executive Director, and Cynthia Metcalf, Education Manager. Mr. Brown questioned the \$45,000 overpayment. Mr. Chan explained the ETP Fiscal Unit has been working with BAVC and the overpayment has been reduced to \$13,000. Ms. Gould stated documentation is being presented to ETP that will further reduce the overpayment. Ms. Gould stated BAVC has instituted a policy for every participating employer that mandates providing a paycheck stub for each trainee completing the required ETP retention period. Mr. Hodess stated at the February Panel meeting, the Panel approved the Proposed Agreement without waiving the monetary contribution and contingent upon submission, review, and approval of budget work papers, the Primary Contractor Certification Statement, final employer in-kind contribution amount, final curriculum, and a Certification Statement for each core employer, and those conditions have not been met, and he, therefore, could not approve the proposal. Ms. Carrillo said the employer contributions and the costs of the equipment could not be validated until BAVC has an approved ETP contract and BAVC is able to move forward and purchase the necessary hardware and software. Mr. Hodess had concerns with the cost of the equipment and the question of a reimbursement rate. He was also concerned with capital investments being claimed as employer contributions. He recommended this project be postponed until next month's Panel meeting. Ms. Carrillo recommended the Panel approve this Agreement as submitted with an hourly rate not to exceed \$37.50 based on BAVC's submittal of actual expenses and staff would present to the Panel within six months information as to the agreed upon rate as well as the substantiated employer contribution.

**ACTION:** Mr. Brown moved and Ms. Kwalwasser seconded the Panel approve the Final Agreement contingent upon an hourly rate not to exceed \$37.50, and that within six months staff would present to the Panel information as to the agreed upon rate as well as the substantiated employer contribution.

Motion carried, 4 – 1 – 1 (Mr. Hodess voted no, Mr. Broad recused).

### **Entertainment Industry Development Corporation of Southern California**

Ron Tagami, manager of ETP's North Hollywood field office, presented a Final Agreement for Entertainment Industry Development Corporation of Southern California (EIDC) in the amount of \$2,656,800. At February 2002 Panel meeting, the Panel approved EIDC's Proposed Agreement and directed staff to prepare a Final

Agreement, contingent on the submission, review and approval of, among other items, Budget Workpapers (Budget) from EIDC and each training provider along with a final determination of the hourly training cost, if necessary, and the final employer contribution amount.

During the past several weeks, staff have reviewed the five separate budgets submitted by EIDC's subcontractors. As a result of these reviews, staff questioned many aspects of the Budgets. To date, not all of the subcontractors have responded to ETP's questions. However, even from this initial review, the substantial portion of questions center on the proposed costs for equipment hardware and software, which constitute the majority of the training costs under the Budgets. It appears that the proposed hardware and software costs provided in each of the Budgets are based on estimated retail prices because the subcontractors cannot provide their actual costs until the equipment is purchased, which will not occur until after the contract is finally approved by ETP.

However, without the actual costs, ETP cannot substantiate the actual costs of training under the Budgets. To resolve this circular situation, staff recommends that the project be approved contingent upon an hourly rate not to exceed \$37.50, with EIDC submitting its actual costs for hardware and software within 90 days of the Agreement start date and staff's review and substantiation of the \$37.50 within six months of the Agreement start date. Staff will report back to the Panel with their determination regarding the substantiation of the higher hourly rate and the finalized amount of employer contributions. If the Budget does not substantiate the use of the \$37.50 hourly rate, staff will take appropriate action to reduce the hourly training rate through an Amendment. Furthermore, the determination of the final employer contribution amount depends on the actual costs contained in the Budgets. Until the actual costs are determined, a final employer contribution amount cannot be calculated. Staff was able to contact eight of the ten participating employers and were informed that if training takes place during normal working hours, trainees will receive their salary and benefits; if training takes place during non-working hours, the trainees are not paid during training. A Panel member questioned whether this training is mandatory because it is illegal not to pay wages to an employee while attending training that is mandatory. Mr. DeMauro stated the laws are quite clear that if training is mandatory, the employees are to be compensated. Mr. Hodess stated that he wanted to be assured of in-kind contributions, as well as that training is in compliance with State labor law, that credit for equipment is for equipment costs for training and not for capital investment, and that wages are verifiable. He recommended postponing this project until next month in order to allow time for staff to clarify issues. Ms. Carrillo stated that staff could incorporate into the contract the requirement that trainees are to be paid while in training. Staff can also closely monitor the training. Ms. Kwalwasser requested incorporating into this contract a requirement for an updated status report in 60 days. Mr. Lennox recommended the review be consistent with the prior proposal and be within 90 days.

**ACTION:** Mr. Brown moved and Mr. Rankin seconded the Panel approve the Final Agreement with an addition to the contract that staff present a status report 90 days following Agreement start date, that employees will be paid wages while in mandatory training, that EIDC will submit its actual costs for hardware and software within 90 days of the Agreement start date, and staff's review and substantiation of the \$37.50 will occur within six months of the Agreement start date.

Motion carried, 4 – 1 – 1 (Mr. Hodess voted no, Mr. Broad recused).

**Kwikset Corporation and Price Pfister, Inc., d.b.a. Black & Decker Hardware and Home Improvement Group, a Black & Decker Company**

Prior to Ms. Carrillo's presentation of the project, Mr. Lennox stated his abstention from voting on proposal. Mr. DeMauro explained that when a Panel member cannot participate due to a financial interest, the term "recusal" should be used; and where there is no financial interest but the Panel member does not want to participate, the term "abstain" should be used. When a Panel member abstains for a non-financial interest, the member is counted toward the quorum.

Ms. Carrillo, on behalf of Diana Torres, manager of ETP's San Diego field office, presented a One-Step Agreement for Kwikset Corporation and Price Pfister, Inc., d.b.a. Black & Decker Hardware and Home Improvement Group, a Black & Decker Company, in the amount of \$515,814 to train 333 employees. This project was previously presented at the February Panel meeting; however due to a lack of a quorum consideration of the project was postponed. Black & Decker Hardware and Home Improvement Group (Black & Decker) was formed in May 2000 from the merger of two Black & Decker owned companies: Kwikset Corporation, a manufacturer of residential locksets, and Price Pfister, a manufacturer of residential and commercial faucets. Black & Decker's Lake Forrest, California, facility has 350 employees, and is the site of the proposed training. Employees at this facility research and develop, engineer, manufacture and test prototypes for Kwikset and Price Pfister products as well as support California and out-of-state production and distribution facilities.

Ms. Carrillo apprised the Panel of a previous ETP project with Kwikset Corporation that currently has an outstanding overpayment of \$352,552, which was a result of the closure of its Anaheim facility. The prior Agreement contained a provision that required an ETP Contractor to return, at ETP's discretion, all ETP funds if it relocates or consolidates the California facility at which training was provided with a facility located outside California within three years of the Agreement termination. Kwikset's Anaheim plant closure occurred two years after the end date of the ETP Agreement.

Ms. Carrillo stated there were also concerns with the closure of Black & Decker's Pacoima, California, facility. ETP received a letter from Ronald D. Webb, Vice

President, explaining the closure. Mr. Webb stated that the Pacoima facility was no longer competitive and closing the plant was necessary to preserve the long-term viability of the Price Pfister business. The Company has adopted several programs to assist the Pacoima employees in their transition to their next job. Additionally, a few management and corporate positions were moved from the Pacoima facility to the Lake Forest facility. Company officials state that Price Pfister and the Teamsters have recently concluded contract negotiations that have resulted in enhanced severance and pension benefits for employees effected by the plant closures. In response to the concerns about the closure, at the February Panel meeting, Mr. Webb had agreed to Mr. Hodess' request to modify one of provisions in this proposed Agreement to require Black & Decker to return all money earned under the Agreement if Black & Decker locates or consolidates the California facility at which training was provided with a facility outside California within five years of the Agreement termination.

Mr. Broad stated that at the February Panel meeting he announced that he recused himself from the Kwikset Corporation project, however having read the General Counsel's memo on recusals, he did not have a financial interest in the project. Mr. Broad stated he does represent the Teamsters as a client, and therefore, he would abstain on this project for non-financial reasons. Mr. DeMauro stated for the record a quorum exists to consider the Kwikset proposal and a majority of the quorum present needed to pass this project is four votes.

Ms. Carrillo introduced Ronald Webb, Vice President, Human Resources, Brett Skousen, National Training Manager and Paul Johnson, President/Consultant, National Training Coalition. Mr. Webb presented a letter of support from Senator Dick Ackerman. Mr. Webb explained 179 employees were relocated from the Anaheim closed facility to the Lake Forest facility and technically questioned whether this transfer meets the definition of a plant closure. Mr. Hodess was concerned with the low wages paid by Black & Decker's off-shore manufacturing competitors and expressed concern that Black & Decker would not be able to sustain a California manufacturing facility without tariff protections. Mr. Rankin had concerns regarding the relocation of manufacturing jobs out of California and Kwikset's outstanding overpayment. Mr. Brown stated that while it is unfortunate a company has to relocate or lay off workers in order to remain in business, he was impressed with the Company's efforts to retain many of its workers here in California. Ms. Kwalwaser recognized the concerns raised by other Panel members but felt Black & Decker was making an effort to stay in California and that she would support this project.

**ACTION:** Mr. Brown moved and Ms. Kwalwasser seconded the Panel approve the One-Step Agreement

Motion failed, 2 ayes – 2 nays – 2 abstentions (Mr. Rankin and Mr. Hodess voted no, Mr. Lennox and Mr. Broad abstained).

## **County of Napa Regional Employment & Training (Proposed Agreement)**

The Proposed Agreement for County of Napa Regional Employment & Training has been withdrawn from consideration at this month's Panel meeting.

### **The Corporation for Manufacturing Excellence d.b.a. Manex**

Mr. Chan presented a One-Step Agreement for The Corporation for Manufacturing Excellence, d.b.a. Manex in the amount of \$1,540,420 to retrain 1,535 employees. This is the fifth Agreement between Manex and ETP. Manex is a non-profit corporation formed for the purpose of promoting the creation of jobs and the expansion of the tax base throughout California by assisting small and medium-sized manufacturing enterprises to improve their operating efficiencies and competitiveness.

Mr. Chan introduced Sallyanne Monte, Manager of Training Services.

**ACTION:** Mr. Rankin moved and Mr. Broad seconded the Panel approve the One-Step Agreement.

Motion carried, 6 – 0.

### **Insurance Educational Association**

Mr. Chan presented a One-Step Agreement for Insurance Educational Association (IEA) in the amount of \$333,600. The IEA, headquartered in San Francisco is a nonprofit corporation formed by the insurance industry and governed by a board of 15 industry executives. The IEA has focused on providing training that helps individuals succeed in insurance careers. IEA is requesting ETP funding to assist insurance companies in retraining 600 workers to handle jobs that are becoming more demanding and technical. Technology has eliminated lower level processing and technical functions. Employees need to be trained with higher-level skills to perform more complex tasks requiring increased decision-making and problem-solving abilities. The Contractor and participating employers have certified that they have not previously offered this training. The training proposed in this Agreement will help key employees learn the underlying principles of the insurance business so they can make more complex decisions.

Mr. Chan introduced Richard Coskren, President & CEO. Mr. DeMauro stated an issue was raised regarding whether funding for continuous education or State requirements is supplemental. Mr. Hodess stated that training that is mandated by the State should not be funded by ETP. He proposed approving this project with the Amendment that reimbursement for training that is considered continuous education or required by the State of California be deleted.

ACTION: Mr. Rankin moved and Mr. Lennox seconded the Panel approve the proposed One-Step Agreement with an Amendment to the motion of deleting reimbursement for continuing education training.

Motion carried, 6 – 0.

### **Contracted Computer Training, Inc.**

Mr. Tagami presented a One-Step Agreement for Contracted Computer Training, Inc. (CCT), in the amount of \$480,200 to retrain 750 employees in Computer Skills, Continuous Improvement, Business Skills, and Management Skills. Mr. Tagami stated the legal name is Reisgen d.b.a. Contracted Computer Training.

Mr. Tagami introduced Brian Reisgen, President, and Azmina Kanji, Consultant.

ACTION: Mr. Broad moved and Mr. Brown seconded the Panel approve the One-Step Agreement.

Motion carried, 6 – 0.

### **NTMA Training Centers of Southern California**

Mr. Tagami presented a One-Step Agreement for NTMA Training Centers of Southern California in the amount of \$3,004,860 to train 160 new hires and 700 current employees in Management and Manufacturing Skills. New Hires will receive 600 hours of class/lab training at a fixed fee cost amounting to \$9,576 per trainee. Retrainees will receive from 60-144 hours of class/lab training at a total cost of \$2,104 per trainee.

Mr. Tagami introduced Irv Hart, Executive Director, and Norma Meza.

ACTION: Mr. Lennox moved and Mr. Rankin seconded the Panel approve the One-Step Agreement

Motion carried, 5 - 0 (Mr. Hodess absent during vote).

Ms. Kwalwasser questioned the high cost for training. Mr. Hart explained the high cost is due to the number of hours needed to train basic skills to new hires, who have no knowledge of the machining industry.

### **FSC Health, Inc., d.b.a. Fresno Surgery Center**

Charles Rufo, manager of ETP's Sacramento field office, presented a One-Step Agreement for FSC Health, Inc., d.b.a. Fresno Surgery Center in the amount of \$143,650. Mr. Rufo stated FSC Health's prior Agreement was terminated because its director of training resigned and accepted a position in another company. He

stated health benefits are applicable to the clerical office positions in Jobs 1 and 3. This Agreement is for retraining 174 employees in Business Skills, Continuous Improvement, and Computer Skills. This is a Special Employment Training project for workers in a high unemployment area and for frontline workers who earn at least the State average hourly wage.

Mr. Rufo introduced Andrea Kennedy, Vice President Human Resources, and Richard Fosse, Consultant, Technical Training Resources.

**ACTION:** Mr. Rankin moved and Mr. Broad seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0 (Mr. Hodess absent during vote).

### **Cupertino Electric, Inc.**

Mr. Chan presented a One-Step Agreement for Cupertino Electric, Inc., in the amount of \$127,920 to retrain 246 employees in Continuous Improvement, Business Skills, Commercial Skills, and Computer Skills. The Contractor is requesting a waiver for its turnover rate. The Contractor stated the reason for its high turnover rate of 56 percent last year was due to the economic recession and the severe decrease in commercial/industrial construction projects in Santa Clara County. The Contractor understands that because its turnover rate last year exceeds the ETP maximum rate of 20 percent, the firm has agreed to lower its rate to no more than 30 percent during the final 12 months of the Agreement or forfeit collecting 25 percent of the total Agreement amount upon closeout of this project.

Mr. Chan introduced Rose Baldwin, Director of Human Resources.

**ACTION:** Mr. Broad moved and Mr. Lennox seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0 (Mr. Hodess absent during vote).

### **NRG Cabrillo Power Operations, Inc.**

Ms. Carrillo presented a One-Step Agreement for NRG Cabrillo Power Operations, Inc., in the amount of \$195,000 to train 85 operation and maintenance workers. The Company is represented by and has the support of the Utility Workers Union of America – Local No. 246, Stationary Engineers – Local 39, AFL-CIO, and the International Brotherhood of Electrical Workers – Local 465. The Contractor is making an in-kind contribution of \$1.1 million, which includes salaries and benefits, training assessment and development of curricula.

Ms. Carrillo introduced Martin Crotty, Director West Coast Regional Operations.

ACTION: Mr. Lennox moved and Mr. Broad seconded the Panel approve the One-Step Agreement.

Motion carried, 6 – 0.

**SMS Technologies, Inc. (Out of order)**

Ms. Carrillo presented a One-Step Agreement for SMS Technologies, Inc., in the amount of \$152,880 to retrain 153 employees. SMS Technologies' investment in training and training-related costs not covered by ETP funds is approximately \$230,000.

Stan Bell, Learning Manager, was present.

ACTION: Mr. Broad moved and Mr. Rankin seconded the Panel approve the One-Step Agreement.

Motion carried, 6 – 0.

**CB Richard Ellis, Inc.**

Mr. Tagami presented a One-Step Agreement for CB Richard Ellis, Inc. in the amount of \$416,000 to retrain 800 employees in Business Skills.

Mr. Tagami introduced John Ollen, Partner, Senior Managing Director. Mr. Brown questioned what percentage of the wage range listed is income from commission. Mr. Ollen reported approximately 80 percent, and the earnings of one of the job groups is derived entirely from commissions. Mr. Broad questioned mandatory training for commissioned employees. He posed the question of how a commission-paid worker gets paid while in training. Mr. Ollen stated the training is not mandatory, it is voluntary. Ms. Carrillo stated that in the calculation of wages, the Panel allows commissions to be used to meet the ETP minimum wage. Staff can verify what is paid in commissions through EDD's data base.

ACTION: Mr. Rankin moved and Mr. Brown seconded the Panel approve the One-Step Agreement.

Motion carried, 6 – 0.

**Cheap Tickets, Inc.**

Mr. Charles Rufo, Sacramento Field Office Manager, presented a One-Step Agreement for Cheap Tickets, Inc., in the amount of \$119,756 to retrain 247 employees. Cheap Tickets is eligible for ETP funding as a provider of services to customers located both inside and outside California. This will be the second ETP agreement with Cheap Tickets at its Lakeport facility.

Unemployment Insurance Code Section 10201.5 allows ETP to waive the ETP minimum wage requirements for workers where the unemployment rate is significantly higher than the State average rate. This project will affect workers in Lake County with an unemployment rate of 9.5 percent. Cheap Tickets, Inc., is requesting a waiver of the ETP minimum wage from \$11.15 per hour to \$8.48 per hour for reservations, sales, and customer care associates. At the end of the 90-day retention period, base wages will be increased by at least 5 percent.

Title 22, California Code of Regulations, Section 4417 gives ETP the authority to accept a higher turnover rate than 20 percent if the employer provides evidence that the proposed training will significantly decrease the turnover rate or the employer has experienced a one-time occurrence, which adversely affected the rate. The Cheap Tickets turnover rate for the Lakeport facility was 25 percent last year. They faced a significant reduction of business after the events of September 11, 2001. Also, the company's new computer and telecommunication systems, which are the focus of the proposed training, are designed to improve productivity and reduce turnover.

Mr. Rufo introduced Eugene Gonsalves, Director of Contract Center Operations.

Mr. Rankin was concerned with the low wages being paid and the high turnover rate. He asked if the Company would be willing to commit to a retention period of 150 days. Gonsalves stated that the Company would commit to a longer period than the usual 90-day retention period. Ms. Carrillo commented that prior retention periods had been extended to 120 days and recommended extending retention to 120 days for consistency purposes. Mr. Rankin stated if Mr. Gonsalves is willing to go to 150 days, then he would move approval with the amendment for a 150-day retention.

**ACTION:** Mr. Rankin moved and Mr. Brown seconded the Panel approve this One-Step Agreement with the 150 days retention.

Motion carried, 5 – 0 (Mr. Brown was absent during vote).

### **Leprino Foods Company**

Mr. Rufo presented a One-Step Agreement for Leprino Foods Company for the retraining of 793 employees in the amount \$1,569,360. Leprino Foods is eligible for ETP funding as a manufacturer of food products. This will be the second ETP Agreement at its facility in Lemoore. Teamster Local 517 and General Teamsters Local 349 support this training project.

Leprino Foods has spent over \$300 million in the last two years upgrading its California facilities. The upgrades include new plant equipment and additional square footage for processing. Additionally, construction of a second Lemoore plant is to be completed in August 2002.

Mr. Rufo introduced Jay Chapman, Western Region Human Resources Manager, and Joel Krein, Western Region Vice President; and Beth Bingle with BLI Company.

**ACTION:** Mr. Lennox moved and Mr. Hodess seconded the Panel approve this One-Step Agreement as presented.

Motion carried, 5 – 0 (Mr. Brown was absent during vote).

### **North Valley Farm and Ranch Management LLC**

Mr. Rufo presented a One-Step Agreement for North Valley Farm and Ranch Management for a total contract amount of \$104,520. This Agreement is for retraining 39 employees in Commercial Skills and hazardous material training to improve the Company's internal structure and sustain business opportunities. North Valley Farms is eligible to receive ETP funding under the out-of-state competition provision for agricultural production. This project was brought to the Panel's attention through the marketing efforts of the California Technology, Trade, and Commerce Agency.

Unemployment Insurance Code Section 10201.5 allows ETP to waive the ETP minimum wage requirements for contractors in high unemployment areas. This project will affect workers in Butte, Sutter, Yuba, and Colusa Counties with unemployment rates of 9.1 percent, 15.3 percent, 15.4 percent and 29.3 percent. North Valley is requesting a waiver of the ETP wage from \$11.15 to \$7.09 per hour, which would be the wage for Farm/Harvest Equipment Operators, Chemical Applicators and General Laborers. These employees have limited education and/or lack of English fluency. At the end of the 90-day retention period, the base wages will be increased by at least five percent.

Mr. Rufo introduced Sam Nevis, Co-Owner, and Michael Nevis, Office Administrator. Mr. Broad was concerned with ETP providing training that is required by OSHA standards or regulations regarding the application of pesticides by commercial operators. Mr. Nevis stated that the Company currently provides that training. The ETP-funded portion would be for a higher level of training to operate newer machinery and provide a better understanding of the newest technologies in chemical makeup and chemical applications.

Mr. DeMauro noted that Regulation 4420.5, which the Panel adopted after considerable discussion on safety training, basically sets the limitation that the Panel shall not fund general safety training mandated by law. There are some exemptions, which state that "the Panel may fund a limited amount of safety training directly regulated to and in conjunction with skills training on a new piece of equipment." For example, the regulation permits the Panel to fund some occupations that, by their very nature, require intensive skills training and safety procedures. Workers engaged in environmental cleanup and oil and gas extractions are examples of skills

training that would include a concentration of safety procedures. Funding for these and similar occupations would not be subject to the regulatory restrictions.

Mr. Rankin was concerned with the high cost per trainee of \$2,680 with low wages being paid and a small wage increase upon completion of training. He asked Mr. Nevis if the Company would be willing to increase wages more than 5 percent after training is completed and if he would agree to extend the retention period. Mr. Nevis stated that the Company would extend the retention period, but could not commit to a higher wage.

Mr. Hodess questioned why the employees who lack English fluency are not being provided VESL training. Mr. Nevis stated that while some English skills are lacking, the trainers are able to converse because most, including himself, speak Spanish fluently. The Company has previously sent employees to train in English as a second language. Mr. Rankin was concerned about career opportunities for workers who have limited English.

**ACTION:** Mr. Rankin moved and Mr. Lennox seconded the Panel reject this One-Step Agreement.

Motion carried to reject, 5 – 0 (Mr. Brown was absent during vote).

Mr. DeMauro reminded the Panel that when there is an adverse decision the Panel is obligated notify the contractor by written notice the reasons for the adverse action, which in this case is based on the low wage, high cost of training, and curriculum.

## **IX. APPROVAL OF PROJECTS FOR LESS THAN \$100,000 (TAKEN OUT OF ORDER)**

**ACTION:** Mr. Brown moved and Mr. Hodess seconded the Panel delegate to the Executive Director the authority to approve the following proposals for projects for less than \$100,000:

- Capax Management and Insurance Services
- Gensa Corporation
- Lodi Gas Storage
- Napa-Solano United Association of Plumbers & Steamfitters Local 343
- The Pacific Lumber Co.
- PriMed Management Consulting Services, Inc.
- Sea Tel, Inc.
- Interstate Hotels
- California Chasis, Inc.
- Hutchinson Seal Corp.
- SAES Pure Gas, Inc.
- WearUnder Inc.
- West San Gabriel Valley - Withdrawn

Motion carried 6 – 0.

Ms. Kwalwasser announced that Mr. Aram Hodess would be the hearing officer for a pending appeal to the Panel.

## **X. AGREEMENTS AND AMENDMENTS CONTINUED**

### **TRW Systems**

Ms. Kwalwasser recused herself from discussion and action on the TRW Systems project. Mr. Hodess presided.

Mr. Rufo presented a One-Step Agreement for TRW Systems for the retraining of 2,250 employees for \$4,144,800. TRW Systems is eligible for ETP funds as a company engaged in manufacturing. This will be the sixth project with TRW, Incorporated. TRW Systems employs 15,000 people worldwide including 2,500 in California. TRW Systems engages in a wide variety of activities, including systems integration in defense, civil and commercial applications. TRW Systems has grown by using advanced technologies, creating products and services with maximum value and by meeting customer needs. To obtain competitive bids today, TRW Systems must improve manufacturing and business processes to reduce costs. TRW officials have stated that the Company needs to become defect free by implementing Six Sigma, a statistics-based quality system. Six Sigma will provide the tools and methodologies needed to transform TRW into a quality-oriented team.

TRW Systems' investment in training and training-related costs not covered by ETP funds totals approximately \$21,000,000.

Agreement Terms and Conditions have been revised to state: "If Contractor relocates or consolidates the California facility at which training was provided (or the job for which training was provided) with a facility (or a job) located outside California within five years (rather than three) of the Agreement termination, Contractor shall return to ETP at its discretion, all money earned under this Agreement as provided in ,,,."

Mr. Rufo introduced Linda Mills, Vice President, Six Sigma Group Staff, David Anderson, Director, Finance and Business, and Kirby Rice, Senior Manager Finance & Business Information Systems & Processes.

**ACTION:** Mr. Rankin moved and Mr. Broad seconded the Panel approve this One-Step Agreement as presented.

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

## **Aradigm Corporation**

Mr. Chan presented a One-Step Agreement for Aradigm Corporation in the amount of \$389,408. This project came to the Panel's attention through the marketing efforts of the California Manufacturers and Training Association. Aradigm, currently a research and development facility, is planning to move into the commercial market. In order to achieve this goal, the Company needs to convert to a high performance workplace with the goal of improving the overall work process. This training will enable Aradigm to operate more effectively and decrease inefficiencies by improving the skill sets of each employee.

Mr. Chan introduced Nancy Worrell, Sr. Director of Human Resources, Norman Milligin, Vice President of Human Resources and Matt Maynard of CMTA.

**ACTION:** Mr. Rankin moved and Mr. Lennox seconded the Panel approve this One-Step Agreement as presented.

Motion carried, 6 – 0.

## **Disneyland, a Division of Walt Disney World Co. (Taken Out of Order)**

Mr. Broad and Ms. Kwalwasser recused themselves from discussion and action on the Disneyland proposal. Mr. Hodess, presiding, stated, with two recusals, the Panel does not have a quorum to act on the Disneyland proposal but stated that the narrative could be presented. Action will be taken when there is quorum.

Ron Tagami, North Hollywood Field Office Manager, presented a Proposed Amendment for Disneyland, a division of Walt Disney World Co. This amendment is adding a second phase to provide training for 853 Disney Travel and Disneyland administrative personnel in Anaheim. Training will be from 40 hours up to 200 hours of training in Continuous Improvement, Business, Management, and Computer Skills. Nine unions support this training project.

Mr. Tagami introduced Joe Gomez, Manager of Training Solutions. Mr. Gomez stated training was planned to begin on April 8. Mr. DeMauro stated the participating Panel members could voice their consensus and recommend approval to the full Panel. Mr. Hodess stated that the consensus of the Panel is to support this project and would recommend approval when they have a quorum. Mr. DeMauro explained that this procedure is governed by both the Panel's own operating rules and the Robert's Rules of Order. A quorum of this Panel exists when a majority of the statutory membership (being eight, even though there is one vacancy) requires five members present.

## **International Business Machines (IBM) Corporation (Taken Out of Order)**

Mr. Chan presented a One-Step Agreement for IBM in the amount of \$1,060,800. This projects comes to ETP as a result of the California Manufacturing & Technology Association's marketing efforts.

ACTION: Mr. Broad moved and Mr. Brown seconded the Panel approve this One-Step Agreement as presented.

Motion carried, 6 – 0.

### **JDS Uniphase Corporation (Taken Out of Order)**

Mr. Broad recused himself from discussion and action on the JDS Uniphase Corporation project.

Mr. Chan presented a One-Step Agreement for JDS Uniphase Corporation in the amount of \$2,351,530. This is the second project with JDS Corporation to train employees at different facilities to function as a unit in becoming a high performance workplace.

Mr. Chan introduced Sue Czeropski, Director, Employee Development and Ashok Chandran, Vice President of Finance. Ms. Czeropski explained to the Panel that some training subcontractors that JDS Uniphase Corporation had been using in its previous training project are being utilized in this contract.

ACTION: Ms. Kwalwasser moved and Mr. Lennox seconded the Panel approve this One-Step Agreement as presented.

Motion carried, 5 – 0 – 1 (Mr. Broad recused).

### **The Clorox Company**

Mr. Broad recused himself from discussion and action on The Clorox Company project.

Mr. Chan presented a One-Step Agreement for The Clorox Company in the amount of \$1,121,190. This will be the second ETP Agreement with The Clorox Company. Under the first agreement, a foundation was established for a high performance workplace. The Clorox Company recently purchased a Enterprise Resource Planning (ERP) System, and are requesting ETP's assistance to train its employees on this new equipment. This project is supported by the International Chemical Workers Union Local 1C.

Mr. Chan introduced John Kreiter, Project Delta Manager of Training, and Jeffrey Ferro, Representative of International Chemical Workers Union. Mr. Kreiter explained to the Panel that the SAP/Siebel process is the software that the

Company is implementing and using to replace all of its existing business software systems. The two systems are integrated to pass data throughout the company and streamline the business process.

**ACTION:** Mr. Rankin moved and Mr. Lennox seconded the Panel approve this One-Step Agreement as presented.

Motion carried, 5 – 0 – 1 (Mr. Broad recused).

### **Sears, Roebuck & Company (Taken Out of Order)**

Ms. Kwalwasser recused herself from discussion and action on the Sears, Roebuck & Company project. Mr. Hodess presided.

Ms. Carrillo presented a One-Step Agreement for Sears, Roebuck & Company in the amount of \$535,850. Sears has had two previous contracts with ETP. Training in this proposal will focus on new customer satisfaction procedures, products and services, new computer systems, and new requirements for collections and accounts.

Ms. Carrillo introduced Robert O'Neal, Director of Human Resources, Planning and Development. Mr. O'Neal stated that on the current contract, which terminates in August, the Company anticipates a 100 percent completion rate. He stated the contract that ended in 2000 was not as successful due to a consolidation of facilities in another part of the country, which changed its business requirements. Since then, there haven't been any other similar situations and in the current contract they expect 100 percent completion.

**ACTION:** Mr. Rankin moved and Mr. Lennox seconded the Panel approve this One-Step Agreement as presented.

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

### **PDI/DreamWorks**

Mr. Chan presented a One-Step Agreement for PDI/DreamWorks in the amount of \$210,360. PDI/DreamWorks, which was originally know as Pacific Data Images was purchased by DreamWorks LLC. The Company does computer animation and effects, such as the most recent animation feature "Shrek."

Mr. Chan introduced Rachel Falk, Head of Artistic & Technical Development. Ms. Falk stated that the Company prides itself as a leading pioneer in training. She stated that she is not sure what the industry trend is overall, but PDI has been in existence for about 20 years and has had the relationship with DreamWorks for about six. PDI has a very positive influence on recognizing training needs and the extent to which the training needs are critical to production.

ACTION: Mr. Broad moved and Mr. Brown seconded the Panel approve this One-Step Agreement as presented.

Motion carried, 5 – 0. (Ms. Kwalwasser was absent during the vote).

### **Primus Transportation Company, LLC**

Mr. Chan presented a One-Step Agreement for Primus Transportation Company, LLC in the amount of \$370,240. Primus Transportation Company recently received the contract to operate the AirTrain operating system at the San Francisco Airport (SFO). This newly automated transit system will offer the public a method of moving from the Airport's International and Domestic terminals to adjacent facilities, such as the SFO parking garages, Rental Car Center, and the new Bay Area Rapid Transit station. Primus Transportation Company plans to hire and train 80 people over the next few months. The Contractor is requesting a waiver to the 200-hour maximum for training due to a comprehensive and accelerated curriculum that requires 356 hours of training.

Mr. Chan introduced Philip Adams, President and Chief Operation Officer.

Mr. Brown was concerned with the turnover rate. Mr. Adams stated that turnover is a problem and a challenge in this industry. The Company believes the turnover rate will be significantly reduced with the implementation of training for challenging lifetime opportunities in technology, and by improving working conditions.

Mr. Broad questioned if there was any union representation within the Company. Mr. Adams replied that the Company is subject to the labor relations ordinance at the San Francisco Airport and is currently in the process of negotiations with a local union. Mr. Adams stated that the workforce is currently being hired and he anticipates being fully staffed by the end of April. He assured the Panel that the Company will give total consideration to the needs of an organized workforce and looks forward to meeting that commitment.

ACTION: Mr. Brown moved and Mr. Broad seconded the Panel approve this One-Step Agreement.

Motion carried, 6 – 0.

### **Beckman Coulter, Inc.**

Ms. Carrillo presented a One-Step Agreement for Beckman Coulter, Inc., for a total agreement amount of \$2,380,270 to train 2,872 employees at six of their California facilities, which include Palo Alto, Fullerton, Brea, Carlsbad, San Diego and Porterville. Beckman has replaced its outdated mainframe computer system and employees require training on the new Enterprise Resources Planning computer

system. The company states that it has a \$17,000,000 annual training budget. In-kind contribution for this proposal amounts to \$7.7 million.

Ms. Carrillo introduced Armand Villagomez, Director of Human Resources and Employee Relations.

**ACTION:** Mr. Rankin moved and Mr. Brown seconded the Panel approve this One-Step Agreement as presented.

Motion carried, 5 – 0 (Mr. Broad absent during the vote).

### **Escondido Medical Investors Limited Partnership d.b.a. Life Care Center of Escondido**

Ms. Carrillo presented a One-Step Agreement for Escondido Medical Investors Limited Partnership d.b.a. Life Care Center of Escondido. The Contractor is requesting \$392,600 to train 245 workers. This proposal was developed in partnership with the Employment Development Department as a Career Ladder proposal, and is endorsed by the Office of Statewide Planning and Development.

Life Care is proposing to retrain 105 incumbent workers, who are currently housekeeping workers, dietary workers, and laundry workers, as Certified Nursing Assistants (CNA), and retraining 140 Certified Nursing Assistants as Senior Certified Nursing Assistants (SCNA). The Contractor is requesting the housekeepers, laundry workers, and dietary aides be allowed to begin at the wage of \$7.33-\$7.53 per hour, increasing to \$9.70-\$10.95 per hour at the end of the 90-day retention period. The Certified Nursing Assistants, whose wages during training will be \$9.70-\$10.95 per hour, will be increased to not less than \$11.70 per hour following the 90-day retention period.

The Contractor requests a waiver to the ETP turnover rate of 20 percent and states that the turnover rate for the last 12 months for its permanent, full-time employees has been 24 percent. Company representatives state that the 24 percent turnover rate is well below the industry standards of 57 to 68 percent and have submitted independent, third party source documents to support their position. Turnover rate language is inserted in the Agreement stating that the Contractor will earn the final 25 percent progress payment for each trainee only if it maintains a turnover rate of 24 percent or less for the last 12 months of the Agreement.

Ms. Carrillo introduced Tom Skiba, Executive Director. Mr. Hodess was concerned with the high cost of training for low paying jobs and with the turnover rate. He asked if the Contractor would be willing to extend the retention period from 90 days to 150 days. Mr. Skiba stated that their turnover rates are well below the industry standards and agreed to extend the retention period.

Mr. Rankin questioned if the Company's health benefits plan are affordable for the employees. He stated if an employee has opted not to be covered under the Company's insurance plan and therefore the Company is not paying an insurance premium for that employee, then that premium should be included in the employee's wages.

**ACTION:** Mr. Rankin moved and Mr. Lennox seconded the Panel approve this One-Step Agreement with a 150 day retention period and no wage waiver for employees who opt out of the health benefits.

Motion carried, 6 – 0.

### **MetLife Investors Group, Inc.**

Ms. Carrillo presented a One-Step Agreement for MetLife Investors Group, Inc., in the amount of \$148,100 to retrain 75 employees in Business Skills. The Company's in-kind contribution is \$354, 648, which includes salaries and fringe benefits as well as training related costs.

Ms. Carrillo introduced Steve Hinkhouse, Executive Vice President, Training and Market Development.

**ACTION:** Mr. Rankin moved and Mr. Brown seconded the Panel approve this One-Step Agreement as presented.

Motion carried, 6 – 0.

Mr. Hodess was concerned with in-kind contributions that included non-ETP trainees. Ms. Kwalwasser suggested the Panel discuss the policy on in-kind contributions at a future meeting.

### **Toshiba America Information Systems, Inc.**

Ms. Carrillo presented a One-Step Agreement for Toshiba America Information Systems, Inc., in the amount of \$490,460. Last year, Toshiba restructured its organization, consolidating lower level manufacturing/assembly to the Philippines, which resulted in a 58 percent turnover rate. Those workers laid off were given job placement services, and several were picked up by Toshiba in other facilities. Severance packages and extended health benefits were also offered to the affected employees.

Ms. Carrillo introduced Gil Tadros, CPA Tax Director and David Norris, Vice President, Management Innovation Executive Quality Leader.

**ACTION:** Mr. Broad moved and Mr. Lennox seconded the Panel approve this One-Step Agreement.

Motion carried, 6 – 0.

### **21st Century Insurance Group**

Mr. Tagami presented a One-Step Agreement for 21st Century Insurance Group in the amount of \$1,032,300 to retrain 980 employees from seven call centers. There will be three occupations being retrained. Job 1 will be for 600 Customer Service Representatives. Each trainee will receive 8 hours of class, 20 hours of CBT and 12 hours of SOST. Training for these employees will primarily include State Department of Insurance mandated continuing training. The Panel has not funded this training in the past and must determine if this training is supplemental. Job 2 will include 30 Claims Representative trainees who will receive 148 hours of class training and 52 hours of SOST on Business Skills. Job 3 is for 350 Business Representative trainees who will receive 110 hours of class and 74 hours of SOST on Business Skills.

The turnover rate for the Company for the last calendar year was 24 percent. The company representatives state that the turnover rate was due in part to a one-time restructuring. The training will improve both productivity and efficiency, which will also decrease the likelihood of layoffs. The Agreement includes language stating that the final 25 percent progress payment for each trainee will be earned only if the contractor achieves a turnover rate of 20 percent or less for the last 12 months of the term of the Agreement.

Mr. Tagami introduced Douglas Howell, Senior Vice President/Chief Financial Officer, and John Talley, Director of Corporate Training. Mr. Broad stated that training in Job 1 appeared to be continuing education mandated by State law, which conflicts with ETP's regulations, and recommended eliminating Job 1 from the proposal.

**ACTION:** Mr. Broad moved and Mr. Lennox seconded the Panel approve this One-Step Agreement eliminating Job 1.

Motion carried, 5 – 0 – 1 (Mr. Rankin abstained).

### **Baxter Healthcare Corporation**

Mr. Tagami presented a One-Step Agreement for Baxter Healthcare Corporation for a funding amount of \$499,290 for retrain 927 employees. Baxter Healthcare Corporation has had four ETP agreements, but this is the first for the Los Angeles plant, which is part of the BioScience division. This facility manufactures a variety of blood therapies for intravenous injections.

Mr. Tagami introduced Tim Lawrence, Director of Manufacturing and Tracy Erwin, Human Resources Director. Mr. Brown questioned the status the project recently

completed and the status of the current contract due to end June 2003. Ms. Erwin stated that the contract recently completed was with a separate division. The current Agreement is with the BioScience division and the Company anticipates meeting its commitment.

**ACTION:** Mr. Brown moved and Mr. Broad seconded the Panel approve this One-Step Agreement as presented.

Motion carried, 6 – 0.

### **General Security Service, Inc.**

Mr. Tagami presented a One-Step Agreement for General Security Service, Inc., for a funding amount of \$113,120. This project was brought to ETP by the marketing efforts of California Manufacturers and Technology Association. General Security Service is a small company with 86 employees. It provides security services to both private and public sectors. The contractor is requesting ETP funds to train frontline workers in high unemployment areas. Trainees will receive 80 or 120 hours of training in Commercial and Management Skills.

The company had a turnover rate of 35 percent for the last calendar year. The Company contends that the training will reduce the turnover rate to 33 percent after 12 months of training. In addition, the company is requesting a wage waiver because trainees are employed in areas of high unemployment. The contractor states that trainees will receive a post-retention wage increase of at least 5 percent more than the trainees' wages before and during and training.

Mr. Tagami introduced Brian Hanhart, Chief Executive Officer. Mr. Rankin had concerns regarding funding low paying jobs that do not include health benefits. He questioned how training for jobs that pay such low wages would decrease the turnover rate. Mr. Tagami stated that an error had been made in computing the cost for training for this contract. The project should have been costed at \$20 per hour for training rather than the fixed fee rate of \$13 per hour. Mr. Hanhart stated he was not aware of the clerical error in calculation at \$13 per hour until he received the recent draft.

Mr. Hanhart stated that after the retention period, the Company plans to pay 100 percent of the single employee cost of medical benefits for trainees in addition to the increase in wages, which could range between \$60 to \$250 per month depending on the age of employee.

Mr. Rankin suggested that the Contractor re-work the proposal to include healthcare benefits and also to clarify the question of the cost of training at \$13 versus \$20 and present the project to the Panel next month. Mr. Hanhart agreed to bring the proposal back next month.

## **Herbalife International of America, Inc.**

Mr. Tagami presented a One-Step Agreement for Herbalife International of America, Inc., in the amount of \$311,600. The company manufactures and distributes weight management, nutritional, and personal care products. The Company is requesting ETP funds to retrain 500 employees from three of its California facilities. Trainees will receive from 40 to 60 hours of training. Training will be in the following areas: Continuous Improvement, Business, Computer and Management Skills.

Mr. Tagami introduced Jim Esterle, Vice President, Human Resources.

**ACTION:** Mr. Brown moved and Mr. Broad seconded the Panel approve this One-Step Agreement as presented.

Motion carried, 5 – 0 (Mr. Hodess absent).

## **Los Angeles Times**

Mr. Tagami presented a One-Step Agreement for the Los Angeles Times in the amount of \$1,612,000 to retrain 2,665 employees to improve product quality, meet customer demands, and produce products more quickly, efficiently, and cost effectively. Trainees will receive up to 200 hours of training in Continuous Improvement, Management, Business, Computer and/or Manufacturing Skills. Training will take place at the three production facilities located in Costa Mesa, Los Angeles and Chatsworth and at the company's headquarters in Los Angeles.

Mr. Tagami introduced Rejeana Mathis, Director of Workforce Development, and Craig Matsuda, Senior Editor/Development.

**ACTION:** Mr. Lennox moved and Mr. Brown seconded the Panel approve this One-Step Agreement as presented.

Motion carried, 5 – 0 (Mr. Hodess absent).

## **Telscape Communications**

Mr. Tagami presented a One-Step Agreement for Telscape Communications for \$276,120. The company provides phone services, high-speed data services, Internet connections, and a variety of customized calling services primarily to the Spanish speaking community. The contractor proposes to retrain 228 employees in Continuous Improvement, Business, Computer, Commercial and Management Skills. In addition, some employees will also receive Literacy Skills.

Mr. Tagami introduced Maria Valenzuela, Vice President of Customer Operations.

**ACTION:** Mr. Broad moved and Mr. Lennox seconded the Panel approve the One-Step Agreement as presented.

Motion carried, 5 – 0 (Mr. Hodess absent).

Mr. Rankin requested staff to include information on the Panel's previous issues when presenting projects that are returning from a prior meeting.

Mr. Broad asked staff to give the Panel an alphabetical listing of participating employers and vendors to facilitate Panel members in checking for possible conflicts of interest. Ms. Kwalwasser requested the list be provided prior to the scheduled Panel meeting to allow time for Panel members to notify the Executive Director or the General Counsel of a possible quorum issue.

## **XI. PUBLIC COMMENT**

There were no members of the public who wished to comment at this time.

## **XII. POLICY**

Ms. Kwalwasser stated that the Panel would address the issue of tips and the ETP Minimum Wage at the April Panel meeting.

## **XIII. EXECUTIVE SESSION**

Mr. DeMauro stated there would not be an Executive Session at this month's Panel meeting.

## **XIV. ADJOURN**

There being no further business and no objection, the meeting was adjourned at 2:35 p.m.