

**STATE OF CALIFORNIA**  
**EMPLOYMENT TRAINING PANEL MEETING**  
California Environmental Protection Agency  
1001 I Street, Coastal Hearing Room, 2<sup>nd</sup> Floor  
Sacramento, California 95814  
October 23, 2003

**PANEL MEMBERS**

Marsha Kwalwasser  
Chairperson

Aram Hodess  
Vice Chair

Barry Broad  
Member

Joan Dean  
Member

Tyrone Freeman  
Member

Robert Lennox  
Member

Tom Rankin  
Member

**Executive Staff**

Peter McNamee  
Executive Director

Steven Suchil  
Assistant Executive Director

Pamela Haynes  
Assistant Executive Director

Peter DeMauro  
General Counsel

Ada Carrillo  
Chief of Staff

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

Aram Hodess, Vice Chair, called the public Panel meeting to order at 9:40 a.m. Mr. Hodess stated until a quorum arrives, the Panel will hear the reports of the Executive Director.

**II. ROLL CALL**

Members Present

Aram Hodess, Vice Chair  
Barry Broad (Arrived after Roll Call)  
Tyrone Freeman  
Robert Lennox  
Tom Rankin

Members Absent

Marsha Kwalwasser, Chairperson  
Joan Dean

Executive Staff Present

Peter McNamee, Executive Director  
Steven Suchil, Assistant Executive Director  
Pam Haynes, Assistant Executive Director  
Peter DeMauro, General Counsel  
Ada Carrillo, Chief of Staff

**III. REPORT OF THE EXECUTIVE DIRECTOR**

Small Business Pilot Project (SBPP) Update

Ms. Haynes reported six new small business projects would be presented later in the meeting. This month's projects represent employers from the manufacturing sector.

If approved by the Panel, the 6 contracts bring the total SBPP contracts approved to 79 contracts for the 13 months of the project. The ETP training costs for the six projects totals \$98,920. Ms. Haynes reported the SBPP evaluators are within the agreed timelines and have indicated that they are in the process of preparing a presentation outlining their findings and recommendations to the Panel at its November meeting. (Due to workload associated with the November Panel meeting, this report will be delayed until the December 2003 meeting.)

### Legislative and Budget Activity

Mr. Suchil stated that ETP submitted a letter to the Director of Finance (DOF) requesting that the DOF take suitable action, via Section 28 of the Budget Act or any other budget process deemed appropriate, to bring fiscal year (FY) 2003-04 Employment Training Fund (ETF) revenues and expenditures into balance. The letter also requested, because the ETP program had already absorbed a disproportionate share of previous shortfalls, ETP be exempt from being required to absorb any portion of the additional unbudgeted FY 2003-04 ETF shortfall now being projected.

Mr. Suchil presented the following proposals for ETP sponsored legislation for introduction for 2004:

1. Non-Profit Organizations  
Provide the Panel with discretion to permit access to ETP funds for worker training to non-profits which benefit the public good. Authorize such non-profits to pay into ETF in order to access ETP funding. Panel to determine, by regulation, those services provided by non-profits, or those types of non-profits, that benefit the public good, including but not limited to hospitals or other medical services providers. Panel may exercise discretion only if that year's Budget Act appropriates 80 percent or more of the ETF to ETP.
2. Agricultural Workers  
Provide the Panel with discretion to set aside up to 5 percent of ETP training funds for training for agricultural workers, including field workers. Provide the Panel with discretion, on a case-by-case basis, to waive or loosen ETP minimum wage requirement, employer contribution, or employee retention provisions to account for the nature of agricultural work. Panel may exercise discretion only if that year's Budget Act appropriates 80 percent or more of the ETF to ETP.
3. Funds for Worker Training  
Specify that all Employment Training Tax moneys are to be allocated for worker training. No funds shall be allocated for anything that does not directly benefit employers that pay the Employment Training Tax.

4. Aerospace/Defense/Air Transport  
Provide the Panel with discretion to set aside up to 10 percent of ETP funds available for worker training for training employees in the aerospace, defense and air transport industries.
5. Entertainment Consortia Pilot Project  
Provide the Panel with discretion to set aside up to 5 percent of ETP training funds for a pilot project for entertainment industry training provided by consortia of entertainment industry employers. Provide the Panel with discretion to waive or modify employee retention provisions to account for the unique nature of project-by-project entertainment industry work. Panel may exercise discretion only if that year's Budget Act appropriates 80 percent or more of the Employment Training Fund to ETP.
6. Wage Calculations  
Permit the Panel to consider, on a case-by-case basis, using the state average manufacturing wage in lieu of the state or regional average hourly wage in consideration and approval of projects. Amends definition of "job" in the Unemployment Insurance Code.
7. Career Ladder Incentives Pilot Project  
Authorize the Panel to pay higher reimbursement rates for training, in targeted basic industries, which leads to career advancement, where employers have established a specific career path and where employees actually advance as a result of ETP-funded training. Permit the Panel to approve training contracts of up to three years to take into account employee upward career movement.
8. CalWORKS/Welfare Training Under ETP  
Put funding for CalWORKS and other employment training for welfare recipients under ETP. Application process for funding, approval by Panel, and follow through accounting and audits. Ensure that California receive available matching federal funds for welfare recipient employment training funded by ETP.
9. Unemployment Insurance Linkage  
At present, only employees already in state's unemployment insurance system are eligible for ETP funded training. This precludes training for employees entering the State following a relocation into California since they have not been part of the unemployment insurance system. Permit the Panel to waive the linkage requirement on a case-by-case basis, and/or limit the linkage waiver to up to 10 percent of the workers being trained.

Mr. McNamee stated that the proposed legislation would be discussed and acted on by the Panel later in the day following the presentation of proposals. The proposed

legislation the Panel adopts would be brought back to the Panel in November as part of the Annual Report package that is submitted to the Legislature and Governor.

#### Fund Status

Mr. McNamee pointed out that if the Panel approves all the projects before it today, there will be a balance of approximately \$12 million in available funds. He stated there are approximately \$14 million in projects already in the pipeline for future Panel consideration. Since total contract amounts are not fully encumbered at the time approved, there should be a small balance remaining in the training fund for projects to come forward at a December meeting. At that point, ETP would have effectively obligated all of the available training funds for this fiscal year. Mr. McNamee proposed that there be no Panel meetings in the months of January, February, and March. Mr. Freeman suggested the Panel could possibly do site visits during months the Panel is not meeting.

Mr. Broad arrived at the meeting. A quorum was present.

Mr. McNamee reported on a recently published book written by Dr. Richard Moore and his team of researchers at the Cal State Northridge highlighting the importance of ETP. He stated that Steven Suchil, as part of ETP's legislative outreach effort, had organized a two-hour briefing in the State Capitol with legislative staff members to familiarize them with the findings of the book.

#### **IV. REPORTS OF THE CHAIR/PANEL MEMBERS**

Mr. Hodess reported on the historic change in State Government with the success of the recall. He stated the major portion of the California State budget is now going to education. He encouraged employers and contractors to follow up on the actions of the new administration and encourage the activities of the incoming administration to further the Panel's mission which is making California's employees more productive through training, making California employers more productive and more likely to remain in the State.

#### **V. PROJECTS UNDER \$100,000**

Mr. McNamee requested the Sears, Roebuck and Company proposal, which is an Amendment, be included in the projects under \$100,000 that are usually approved by the Executive Director. Panel members had no issues with any of the projects listed under \$100,000 including Sears, Roebuck and Company.

**ACTION:** Mr. Lennox moved and Mr. Rankin seconded the Panel approve adopting those proposals in funding amounts of less than \$100,000 including the Small Business Pilot Projects (SBPP) and Sears,

Roebuck and Company. The following projects were subject to this motion to approve:

Sears, Roebuck and Company (Amendment) .....	\$42,120
Big Sky LLC .....	\$57,200
Textron Fastening Systems – Santa Ana.....	\$70,928
Aero Union Corporation (Amendment) .....	\$1,460
Molding International and Engineering Inc. (SBPP).....	\$24,960
Knightsbridge Plastics, Inc. (SBPP).....	\$14,400
WESS-DEL Incorporated (SBPP) .....	\$24,200
Composite Engineering, Inc. (SBPP).....	\$8,800
Shorty Custom Antennas (SBPP).....	\$1,560
Wing Inflatables, Inc. (SBPP).....	\$24,800

Motion carried, 5 – 0.

Mr. McNamee reported, because of the Budget Act and trailer bill legislation that eliminates the Technology, Trade and Commerce Agency in the State of California, one of the Panel member positions will be eliminated. Effective January 2004 the Panel will be operating as a Panel of seven rather than eight.

## **VI. AGENDA**

**ACTION:** Mr. Rankin moved and Mr. Broad seconded the Panel approve the Agenda.

Motion carried, 5 – 0.

## **VII. MINUTES**

**ACTION:** Mr. Freeman moved and Mr. Lennox seconded the Panel approve the Minutes of September 25, 2003.

Mr. DeMauro reported the Fair Isaac Corporation project approved at the September 25, 2003, Panel meeting was presented with an erroneous project amount. The correct amount of the project is \$572,832. The calculation of hours at the Advanced Technology of \$15.00 per hour was erroneously calculated at the \$13.00 per hour rate.

Mr. Broad moved and Mr. Rankin moved to approve the Minutes of September 25, 2003, with the corrected amount of \$572,832 for the Fair Isaac Corporation proposal.

Motion carried, 5 – 0.

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

Mr. DeMauro reported on Unemployment Insurance Code Section 10205(m) which describes the way the Panel shall conduct its business. The last sentence of the Section states "All decisions by the Panel shall be made by resolution of the Panel and any adverse decision shall include a reason for the decision." He stated not making a motion for action on a project appears as an adverse decision. Roberts Rules of Order suggests if no action is desired, a motion be made to postpone indefinitely. Mr. McNamee said Panel statements of reasons for denial of a project answers questions from members of the legislature as to why a project was denied.

## **IX. AGREEMENTS AND AMENDMENTS**

### **Foundation College, LLC**

Diana Torres, manager of ETP's San Diego field office, presented a One-Step Agreement for Foundation College in the amount of \$1,976,260 to train 1,460 current employees and 330 unemployment insurance recipients or recent exhaustees. Foundation College is requesting funding to assist participating companies to retain their workforce in the skills necessary to transition to a high performance workplace, to prevent the displacement of workers, and to promote California's manufacturing workforce. Participating employers are primarily small and medium-sized manufacturers.

Ms. Torres introduced Charlene Dackerman, Director/Vice President, and Rand Stallings, Contracts & Finance Manager. Mr. Rankin had concerns regarding the subcontractor fee. Mr. Stallings stated Foundation College is a technical college and subcontracts out for continuous improvement type training. Mr. Freeman had questions regarding manager training. Mr. Stallings stated that Foundation College will not be doing any specific manager training; the training provided is for continuous improvement skills in a team environment. Training needs to be done for all levels with support by the management. Mr. Hodess had concerns regarding the voluntary nature of the training. Mr. Stallings replied that less than 10 percent of the retraining portion of the contract will be center-based and will be comprised of small businesses. Small companies who have less than 20 employees make the training available to their employees, but it is not mandatory. All of the on-site training is mandatory and the trainees are paid by their employers while they are in training. Ms. Carrillo stated that each participating employer in multiple employer contracts is required to complete an Employer Retraining Certification stating, in part, whether the training is voluntary or mandatory. The criterion outlined is set by the Labor Commissioner.

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

Motion carried, 4 – 1 (Mr. Freeman opposed).

### **Irvine Chamber of Commerce**

Ms. Torres presented a Proposed Amendment for Irvine Chamber of Commerce in the amount of \$325,260 to retrain 330 incumbent workers from participating employers. All participants in this project meet the Panel definition of frontline workers.

Ms Torres introduced Jacquie Ellis, Chief Executive Officer, and A. K. Thakore, President. Mr. Hodess had questions regarding the provision of health benefits. Mr. Thakore replied that all participating employers provide health benefits to their employees.

**ACTION:** Mr. Rankin moved and Mr. Freeman seconded the Panel approve the Proposed Amendment.

Motion carried, 5 – 0.

### **Employers Group**

Dolores Kendrick, manager of ETP's North Hollywood field office, presented a One-Step Agreement for Employers Group in the amount of \$856,800 to train 1,400 incumbent workers from participating employers.

Ms. Kendrick introduced Jeffrey Hull, Director of State-Funded Training, and Virginia Phillips, Vice President of Professional Services. Mr. Hodess requested a letter from the Sheet Metal Workers International Association, Local Union No. 162, clearly stating its support of this training proposal.

**ACTION:** Mr. Lenox moved and Mr. Freeman seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0.

### **Long Beach Workforce Development Bureau**

Ms. Kendrick presented a One-Step Agreement for Long Beach Workforce Development Bureau in the amount of \$719,580 to retrain 600 incumbent workers from participating employers.

Ms. Kendrick introduced Ray Warden, Executive Director, and Karen Raiche, Workforce Development Specialists. Mr. Warden was not available at the time of presentation. Mr. McNamee corrected the Maximum Contractor Charge to Participating Employers stated on page one of the narrative to read \$0 not \$500.

Discussion and action were taken up later in the meeting. (See Page 10 for discussion and action.)

### **Los Angeles County Electrical Training Trust**

Ms. Kendrick presented a Proposed Amendment for Los Angeles County Electrical Training Trust in the amount of \$621,933 to retrain 1,100 incumbent workers from participating employers.

Bill Novak, Assistant Director, was present to answer any questions. There were no questions from Panel members.

**ACTION:** Mr. Lenox moved and Mr. Rankin seconded the Panel approve the Proposed Amendment.

Motion carried, 5 - 0

### **Insurance Educational Association**

Creighton Chan, manager of ETP's San Mateo field office, presented a One-Step Agreement for Insurance Educational Association in the amount of \$333,600 to retrain 600 incumbent workers from participating employers. Participating employers are primarily small and medium-sized insurance firms. All participating employers have submitted Certification Statements outlining the supplemental nature of the training, commitment to training, in-kind contribution, and evidence of out-of-state competition.

Mr. Chan introduced Richard Coskren, President & CEO, and John Beach, Director of Sales. Mr. Hodess had concerns with call center sales training. Mr. Coskren stated the call center training does not include any sales training.

**ACTION:** Mr. Rankin moved and Mr. Broad seconded the Panel approve the One-Step Agreement with the stipulation that no sales training be included in the call center training.

Motion carried, 5 – 0.

### **American Business College**

The proposed Agreement for American Business College was withdrawn from consideration at this month's Panel meeting.

### **Career Academy**

Ruby Cohen, manager of ETP's Sacramento field office, presented a One-Step Agreement for Career Academy in the amount of \$419,549 to retrain 69 unemployed

individuals. The participating employers in this Agreement are small businesses with fewer than 100 full-time employees worldwide.

Ms. Cohen introduced Mike Reynolds, Chief Executive Officer. Mr. Hodess questioned the in-kind contribution of trainees wages paid during training. Mr. Reynolds replied \$8.50 - \$9.00 per hour wages would be paid to trainees during their first 90-days of employment.

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

Motion carried, 5 – 0.

### **Elk Grove Unified School District**

Ms. Cohen presented a One-Step Agreement for Elk Grove Unified School District in the amount of \$191,400 to train 150 unemployed individuals in Business and Computer Skills. Elk Grove Unified School District initially submitted a Proposed Agreement to the Panel at its June 2003 meeting. Elk Grove Unified School District had requested the Panel lift its moratorium on structured on-site training (SOST). Given the Panel's policies, consistency, and fiduciary responsibilities, the Panel had strong reservations about waiving the moratorium on SOST. The Panel also voiced concerns with the generic, non-customized nature of the proposed training. The Elk Grove Unified School District has revised the project to target call centers, train unemployment insurance recipients and place them as customer service workers with no SOST.

Ms. Cohen introduced Timothy Taylor, Director. Mr. Hodess expressed concerns regarding unsolicited sales call training. Mr. Taylor indicated there would be none.

**ACTION:** Mr. Hodess moved and Mr. Broad seconded the Panel approve the One-Step Agreement with the stipulation there would be no sales call training and no unsolicited sales calls being made during training.

Motion carried, 5 – 0.

### **Long Beach Workforce Development Bureau (Out of Order)**

Mr. Freeman had concerns regarding the performance on Long Beach Workforce Development Bureau's prior Agreement. Mr. Warden stated the Long Beach Workforce Development Bureau has withdrawn from serving those who rely on tips to meet the ETP minimum wage. Ms. Raiche stated the Long Beach Workforce Development Bureau is no longer marketing its customer service program to the hospitality industry.

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

Motion carried, 5 – 0.

### **Goodwill Industries of San Joaquin Valley, Inc.**

Ms. Cohen presented a One-Step Agreement for Goodwill Industries of San Joaquin Valley, Inc., in the amount of \$173,625 to train and place 45 new hire trainees. Goodwill requests that the Panel waive the ETP minimum wage requirement of \$8.98 for new hire contracts. To support the wage waiver request, Goodwill is committed to the following wages after the 90-day retention period in order to receive ETP reimbursement for training: 13 trainees will be placed at \$7.24 per hour, 23 trainees will be placed at \$8.33 per hour and 9 trainees will be placed at \$9.00 per hour. The proposed wages would be 7 – 24 percent above the ETP working poor minimum wage of \$6.75 per hour for high unemployment areas.

Ms. Cohen introduced William Carmichael, Director of Training. There were no questions from Panel members.

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

Motion carried, 5 – 0.

### **Sonoma County Junior College District, Santa Rosa Junior College**

Ms. Cohen presented a One-Step Agreement for Sonoma County Junior College District, Santa Rosa Junior College in the amount of \$152,344 to retrain 274 employees of companies that are trying to increase their competitive edge in the world wine production marketplace.

Ms. Cohen introduced Betsy Roberts, Director, and Kathleen Kearney, Coordinator of Workforce Training. There were no questions from Panel members.

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

Motion carried, 5 – 0.

### **Adir International d.b.a. La Curacao**

Ms. Kendrick presented a One-Step Agreement for Adir International d.b.a. La Curacao in the amount of \$241,800 to retrain 310 frontline workers. Adir International d.b.a. La Curacao is an inner city retailer whose corporate headquarters is located in downtown Los Angeles.

Ms. Kendrick introduced Mike Ledezma, Vice President of Retail Operations, and Gustavo Espinoza, Training Manager. There were no questions from Panel members.

**ACTION:** Mr. Lennox moved and Mr. Broad seconded the Panel approve the Proposed Amendment.

Motion carried, 5 – 0.

### **Harbor Distributing, LLC**

Ms. Kendrick presented a One-Step Agreement for Harbor Distributing, LLC, in the amount of \$178,334 to retrain 361 frontline workers. Harbor Distributing, LLC, originally submitted its proposal at the September 2003 Panel meeting. Panel members raised concerns regarding the provision of Hazardous Materials training and the Company's turnover rate of 21.9 percent for 2002. Harbor Distributing, LLC, is resubmitting its application with the following revisions: Management Skills and Hazardous Materials training were removed from the curriculum; the required Class/Lab training hours were reduced from 40 to 38 hours; the ETP total Agreement amount was reduced from \$187,720 to \$178,334; and the Company's turnover rate of 21.9 percent is a single anomaly. Turnover rate language has been included in the Contract indicating that the Contractor shall earn the final 25 percent progress payment for each trainee only if the Contractor achieves a turnover rate of 20 percent or less for the last 12 months of the Agreement.

Ms. Kendrick introduced Mike Vaca, Vice President of Operations. Mr. Rankin asked about healthcare costs. Mr. Vaca stated the approximate cost is \$500 - \$600 per person, covering all dependents.

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

Motion carried, 5 – 0.

### **American Commercial Claims Administrators, Inc.**

Mr. Chan presented a One-Step Agreement for American Commercial Claims Administrators Inc. (ACCA), in the amount of \$358,020 to retrain 335 employees in Continuous Improvement, Computer, Commercial, and Business Skills. Mr. Chan corrected the subcontractor's name -- National Training Company, located in Irvine. ACCA administers workers compensation claims for one out-of-state customer in New Jersey, Everest National Insurance Company. ACCA plans to implement a high performance workplace in order to reduce production costs, increase product quality, and improve response time due to out-of-state competitors.

Mr. Chan introduced David Chetcuti, Director of Workers' Compensation Education and Development, and Byron Kerns, Vice President of Claims. Mr. Rankin asked whether Everest writes Workers' Compensation Insurance in California and whether the claims being administered are from different states. Mr. Kerns replied that the claims ACCA administers are specifically from California.

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

Motion carried, 5 – 0.

### **Ball Corporation**

Ms. Torres presented a One-Step Agreement for Ball Corporation in the amount of \$250,432 to retrain 172 workers in skills necessary for the Company to move to a high performance workplace. Ball Corporation is a manufacturer of plastic packaging for the food and beverage industry.

Ms. Torres introduced Gary Fields, Plant Manager, and Steve O'Connell, Training Coordinator of Ball Corporation, and William Parker, President of National Training Systems, Inc. There were no questions from Panel members.

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

Motion carried, 5 - 0

### **Cubic Defense Applications, Inc.**

Ms. Torres presented a One-Step Agreement for Cubic Defense Applications, Inc., in the amount of \$999,280 to retrain 580 employees in a new process design theory that is centered in continuous process improvement to help move the Company to a high performance workplace. Cubic Defense Applications designs and develops computer-based training systems used to train the United States and allied military forces in simulated combat operations, and manufacturer software products, and electronic systems and products in the areas of secure communications, combat search-and-rescue, intelligence and air traffic control.

Ms. Torres introduced Lynne Kinster, Vice President of Quality, and Bruce Roberts, Senior Vice President of Technical Operations. There were no questions from Panel members.

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

Motion carried, 5 – 0.

### **Kirkhill – TA Company**

Ms. Torres presented a One-Step Agreement for Kirkhill – TA Company in the amount of \$566,150 to retrain 650 employees to implement a lean enterprise system that will expand the Company's transition to a high performance workplace. Kirkhill's aerospace manufactures custom rubber products for diverse industries including aerospace, military, pharmaceutical, electronics, construction, and automotive. Kirkhill's customers have formed the Supplier Excellence Alliance (SEA) to integrate their supplier process. SEA will attempt to improve supplier competitiveness, provide performance improvement resources and training, and create enterprise wide improvement systems.

Mr. Torres introduced Gustavo Angelo, Director of Human Resources. There were no questions from Panel members.

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

Motion carried, 5 – 0.

Mr. McNamee stated that the Panel recently approved an SEA training initiative and asked why Kirkhill is presenting a separate project rather than part of the SEA training initiative. Mr. Angelo replied that the SEA has formed a training model for manufacturing processes that make production more efficient. Kirkhill is adopting the SEA model but Kirkhill has its own separate training in Brea. Hilda Pacheco-Taylor, California Training Cooperative, stated the SEA initiative was developed to serve small businesses. She stated that larger suppliers will be presenting their own separate contracts. Mr. McNamee requested Ms. Pacheco-Taylor work with staff in developing a mechanism to keep track of those aerospace supplier contract training initiatives being funded that fall within the category ETP is required to report to Legislature.

### **Newgen Results Corporation**

Ms. Torres presented a One-Step Agreement for Newgen Results Corporation in the amount of \$417,560 to retrain 440 full-time employees in skills needed to move the Company towards a high performance workplace. Newgen is a technology-based, customer relations management company that develops software and provides services to automotive dealers and manufacturers. Newgen is requesting a waiver to the cap on the turnover rate of 20 percent. Newgen claims that its 29 percent turnover rate is below the industry standards of 31 percent. Turnover language is inserted in the Agreement to state that the Contractor will earn the final 25 percent progress payment for each trainee only if it achieves an average turnover rate of 25 percent or less for the last 12 month of the Agreement. Additionally, Newgen

representatives have agreed to a 120-day employment retention period for each trainee.

Ms. Torres introduced Russ Kalchik, Senior Vice President of Operations, and Jo Whitaker, Senior Manager of Training & Human Resources. Panel members had concerns regarding the turnover rate and type of call center training in this project. Mr. Kalchik stated the call center is just a portion of the Company's business. The types of calls made are service calls. He stated there is no selling over the telephone. Mr. Hodess was concerned with legislation prohibiting solicitation calls. Mr. Kalchik stated the calls are not telemarketing calls. Mr. McNamee asked if the turnover rate could be reduced to 20 percent and the "telemarketing" call center training be separated from this proposal. Mr. Kalchik agreed that it could be done. Mr. Broad had a concern regarding the percentage of managers being trained. The Panel requested the Contractor bring the proposal back to the Panel at a future meeting addressing the turnover rate, call center training, and the percentage of managers to be trained.

### **Southwest Marine, Inc.**

Ms. Torres presented a One-Step Agreement for Southwest Marine, Inc., in the amount of \$177,684 to retrain 268 current workers in Continuous Improvement Skills. Southwest Marine, Inc., manufactures, repairs, renovates, and modernizes marine vessels for the United States Navy and commercial or civilian companies.

Ms. Torres introduced Monty Dickinson, Executive Vice President of Operations, Unites States Marine Repair and President & General Manager of Southwest Marine, Inc., Donn Yover, Human Resources Manager, Paul Stephens, Program Manager, and Thomas Bright, President of Quality Training Systems. There were no questions from Panel members.

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

Motion carried, 5 – 0.

### **Hyatt Hotels and Resorts**

Mr. Chan presented a One-Step Agreement for Hyatt Hotels and Resorts in the amount of \$1,219,920 to retrain 1,380 employees in skills necessary to further the Corporation's conversion to a high performance workplace. Hyatt Hotels and Resorts is a privately owned management company that consists of luxury hotels offering convention, group meeting, and banquet facilities for convention business, association meetings, and trade shows.

Mr. Chan introduced Cheryl Phelps, Vice President & Managing Director, and Lisa McInnes, Hyatt University Director. There were no questions from Panel members.

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

Motion carried, 5 - 0

### **Novellus Systems, Inc.**

Mr. Chan presented a One-Step Agreement for Novellus Systems, Inc., in the amount of \$657,760 to retrain 820 employees in Business Skills, Computer Skills, Continuous Improvement, Advanced Technologies, Management and Manufacturing Skills to transition into a high performance workplace. Novellus Systems is a leading supplier of sophisticated manufacturing systems used to create advanced integrated circuits. Novellus manufactures chemical vapor deposition, physical vapor deposition, copper Electrofill, surface preparation/cleaning and chemical mechanical planarization systems used in fabricating these circuits, also known as semiconductors of computer chips.

Mr. Chan introduced Bill Cotter, Training Manager. There were no questions from Panel members.

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

Motion carried, 5 – 0.

### **E. & J. Gallo Winery**

Ms. Cohen presented a One-Step Agreement for E. & J. Gallo Winery in the amount of \$355,667 to retrain 1,249 workers in Computer Skills, Continuous Improvement, and Manufacturing Skills. E. & J. Gallo Winery produces wine, brandy, and malt products and sells its products to a network of domestic and international distributors. The UFCW-Wine, Distillery & Allied Workers, Local 186D submitted a letter of support containing numerous provisions that the Union wanted included in the Agreement between ETP and Gallo:

1. The Work Order Management System (WMS) training is intended to benefit both the Company and its Employees:
  - a. The Company states that it is not its intention to layoff or eliminate any warehouse jobs as a result of the upcoming WMS implementation. In the event of any layoff or job elimination, the Company will give the Union 60-day notice of such an event and the Company will handle such an occurrence by the applicable provisions of the labor agreement and to the extent possible by attrition.
  - b. The Company agrees that an Employee's performance on quizzes or other items used to test comprehension on WMS training or other training noted

- above will not be, used as a measure of skills or abilities for the purpose of awarding future job bids.
- c. The Union may view change-request forms submitted by hourly employees.
  - d. Certificates of Completion will be issued to Employees for each WMS training module completed by them
  - e. The Company will meet with the Union to discuss any disagreement that may arise over Union members selected for or excluded from participation in the ETP-funded WMS Train the Trainers.
2. Members of management, the Union, and Employees will form a Joint Training Committee (JTC).
- a. The Union will select workers to participate in a Union Training Committee (UTC). When applicable, these workers will be released from their shift to fulfill UTC duties on paid company time. Not counting time spent in the JTC meetings, the Company agrees to pay up to an aggregate total of 240 man-hours for all UTC activity. If the union believes additional UTC work is necessary beyond the 240 man-hours, the Company and the Union will meet to discuss an increase in UTC company-paid time.
  - b. The JTC will be comprised of management-selected representatives and UTC representatives
  - c. The Company, by the end of November 2003, will identify and authorize appropriate representatives of Company management to participate in the JTC.
  - d. The management representatives to the JTC must have the authority to negotiate and approve the following: training programs, employer-paid participation in training programs, the selection of trainees for the programs, and the selection of in-house or outside trainers.
3. Additional trainings, especially in Conflict Management and Problem Solving, are considered valuable by both the Company and the Union:
- a. The UTC will develop a proposal for a training program in Conflict Management and Problem Solving. Development will begin in October of 2003 and a proposal presented to the JTC in early 2004.
  - b. The JTC **will** review and revise the proposal for training in Problem Solving and Conflict Management to prepare it for implementation in the first quarter of 2004.
  - c. The UTC will also develop a proposal for remedial training such as vocational English and basic math to present to the JTC.
  - d. It is understood that any portion of the above-referenced proposals that requires expenditures from Company training funds must be approved by E. & J. Gallo's Vice President of Bottling Operations.
4. Specific additional opportunities **will** complement the ETP-funded training:
- a. The Company agrees that, on a one-time basis and prior to the start of the ETP-funded training, already-identified machine operators **will** have the opportunity to demonstrate their proficiency in changeover of various machine centers, including the line-2 or line-5 rinser, for the purposes of qualifying for

higher pay (a pay for skill and level increase). Employees who exercise the option for the rinser will be obligated to demonstrate proficiency in another equipment center within a twelvemonth period. The Company will provide the necessary training opportunities to allow them to demonstrate such proficiency.

- b. By September 30, 2004, the Company **will** have provided the opportunity to learn changeover responsibilities on a second machine center for eight level-3 operators whose current primary changeover machine center is the Line 16 fiber area.
  - c. Within six months of the end of the ETP-subsidized Training for Trainers, the Company will provide an opportunity for union members not selected in the first round of the ETP-funded Training for Trainers to attend a train-the-trainer class on paid company time. The Company will make a good faith effort to allow those who complete such a class to work in a training capacity in the future.
5. Union participation in the development and monitoring of training is key:
- a. In order to allow for informed participation and support before the Panel, the ETP Development Analyst **will** provide the Union with a copy of the ETP Proposed Agreement well in advance of the date it is to be presented to the Panel for approval.
  - b. Periodic monitoring of the Union's ongoing satisfaction with training will be built into the ETP Monitoring Analyst's regular monitoring schedule. This monitoring **will** include not only the normal interviews with trainees but also interviews with the elected leadership of the Union.

Ms. Cohen noted that these provisions reflect an agreement between Gallo and the UFCW. Although ETP staff encourages union/management joint effort to make the proposed training effective, many of the provisions of the Union/Gallo agreement are, in light of recent case law and ETP past practice, beyond the scope of an ETP training Agreement. ETP staff did not recommend incorporating the provisions of the UFCW/Gallo agreement into the ETP/Gallo training Agreement. However, in order to address the Union's concerns that Gallo may preclude Union participation in the training notwithstanding the UFCW agreement with Gallo, staff recommended the following language be included in ETP's Agreement with Gallo: 1) The UFCW Wine, Distillery & Allied Workers' Local 186D, will participate in the development of any training provided through this Agreement, and that participation will be included in ETP monitoring of this agreement. A representative of the UFCW, as designated by that union's President, may be present at ETP monitoring meetings at the Union's discretion. Contractor shall provide the UFCW with reasonable notice of scheduled ETP monitoring visits. 2) Periodic monitoring of the UFCW's ongoing participation in the training will be built into the ETP monitoring analyst's regular monitoring schedule. The monitoring will include interviews with personnel of UFCW.

Ms. Cohen introduced John Munroe, Vice President of Modesto Operations, and Jerry Barlow, President of the Local 186D. Mr. DeMauro had stated his concern that

the inclusion of UFCW's proposed language may be in violation of the National Labor Relations Act (NLRA), since the inclusion may be interpreted as an incursion into the area of collective bargaining. ETP's Legal staff recommends that ETP seek an opinion from the Attorney General's office prior to adding UFCW's language to the ETP Agreement.

Mr. Rankin, noting the General Counsel's concern over National Labor Relations Board preemption issues, suggested the Union letter be added to its Collective Bargaining Agreement as an addendum or side letter. In that way, the agreement between the Union and Gallo would be effective using a different mechanism from the ETP Agreement with Gallo. Mr. Munroe agreed to Mr. Rankin's suggestion. Mr. Barlow stated the Union would need some sort of expedited arbitration procedure built into the Collective Bargaining Agreement. Mr. Munroe stated that Gallo had no issue with a side letter agreement that included expedited arbitration.

It was Mr. DeMauro's understanding that the Union wants some assurance that Gallo and the Union work together on formulating the training in this Agreement, which is a contingency of ETP's enabling legislation. Mr. Munroe agreed stating it is Gallo's intention to fully execute the contract. Mr. Barlow also agreed but stated there were a couple of discrepancies he needed to have clarified.

Further discussion and action on the Gallo proposal was postponed until later in today's meeting to allow the Contractor and the Union time to resolve outstanding issues. (See Page 21 for further E. & J. Gallo discussion and action.)

### **Formica Corporation**

Ms. Cohen presented a One-Step Agreement for Formica Corporation in the amount of \$152,802 to retrain 349 employees in Business Skills, Continuous Improvement, Manufacturing Skills, and Management Skills with the goal of moving to a high performance workplace. Formica Corporation manufactures high pressure laminates used in both residential and commercial markets for decorative surfaces. Formica Corporation is in the final stages of financial reorganization under Chapter 11 of the United States Bankruptcy Code. Formica has agreed that no reimbursement for ETP trainees shall be made until Formica presents evidence that the Company has emerged from Chapter 11.

Ms. Cohen introduced Scott Smith, Vice President of Human Resources, and Rhonda King, Training Manager. There were no questions pertaining to the Contract from Panel members.

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

Motion carried, 5 – 0.

## **Holly Sugar Corporation d.b.a. Spreckels Sugar Company**

Ms. Cohen presented a One-Step Agreement for Holly Sugar Corporation d.b.a. Spreckels Sugar Company in the amount of \$205,621 to retrain 311 employees. Spreckels Sugar Company processes sugar beets to produce sugar. Spreckels is requesting a waiver for an out-of-state vendor, National Technology Transfer located in Colorado. Spreckels Sugar has researched other trainers and has not located a vendor in California that provides industry specific information in a format that is conducive to helping employees gain the required skills and knowledge to operate and maintain Spreckel's systems.

Ms. Cohen introduced Kay Hastings, Sr. Vice President of Human Resources, John Dean, Factory Manager, and Sharon Starcher, AG Administrative Assistant. Mr. Hodess had concerns regarding apprenticeship training. Mr. Dean stated there will be no apprenticeship training. The training provided is to improve skills.

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

Motion carried, 5 – 0.

## **Pacific Coast Producers, Woodland**

Ms. Cohen presented a Proposed Amendment for Pacific Coast Producers, Woodland, in the amount of \$353,600 to add additional hours of training for 65 trainees.

Ms. Cohen introduced Craig Powell, Plant Manager, and Earl Baker, Business Agent for Teamsters Union Local 857. There were no questions from Panel members.

**ACTION:** Mr. Lennox moved and Mr. Broad seconded the Panel approve the Proposed Amendment.

Motion carried, 5 – 0.

Panel members requested an Agenda item be included in the November Panel meeting to discuss a moratorium for call center/telemarketing training.

## **X. PROPOSED LEGISLATION**

Mr. Suchil highlighted the proposed legislation presented earlier at today's meeting. Mr. Broad asked if proposal #9, *Unemployment Insurance Linkage*, limited the unemployment insurance linkage to the relocation scenario. Mr. Suchil replied it is as the proposal is stated. Mr. Broad requested a specific definition of "public good," as mentioned in proposal #1, *Non-Profit Organizations*. Mr. Broad suggested

including in proposal #2, *Agricultural Workers*, those seasonal agricultural workers who return year after year. Mr. Rankin had concerns regarding proposal #3, *Funds for Worker Training*, and proposal #8, *Cal/WORKS/Welfare Training Under ETP*. He stated when specifying that all Employment Training Tax moneys are to be allocated for worker training needs, ETP needs to clarify that it is existing law.

### **E. & J. Gallo Winery, Continued**

Mr. Munroe stated that an effective agreement was reached. Mr. Barlow stated the Union is going to execute the letter of support as a side letter. Both parties agreed to an expedited arbitration of 45 days using the process that is already stated in the Collective Bargaining Agreement. Training will be completed for all job numbers, including all components in Job #9. Both parties also agreed to include in the side agreement the two provisions recommended by staff

Mr. DeMauro asked if training money was to be withheld until all the training is completed. Mr. Monroe stated no, the regular payment schedule would remain.

**ACTION:** Mr. Rankin moved and Mr. Broad seconded the Panel approve the One-Step Agreement contingent upon ETP receiving the letter of support from the UFCW Union and including into the Agreement the two provisions recommended by staff.

Motion carried, 5 – 0.

### **XI. PUBLIC COMMENT**

Steve Duscha, Alliance for ETP, stated that the Alliance has decided to support a lawsuit to challenge the transfer of ETF moneys to the Department of Social Services and the CalWORKS Program. He cautioned against loosening training qualifiers.

### **XII. EXECUTIVE SESSION**

There was no Executive Session at this month's Panel meeting.

### **XIII. ADJOURN**

There being no further business and no objection, the meeting was adjourned at 1:50 p.m.