

**STATE OF CALIFORNIA  
EMPLOYMENT TRAINING PANEL MEETING**

California Environmental Protection Agency

1001 "I" Street

Sierra Hearing Room, 2<sup>nd</sup> Floor

Sacramento, CA 95814

July 28, 2006

**PANEL MEMBERS**

Barry Broad  
Acting Chair

Tyrone Freeman  
Member

Bob Giroux  
Member

Scott Gordon  
Member

Edward Rendon  
Member

Janice Roberts  
Acting Vice-Chair

Johnathan St. John  
Member

**Executive Staff**

Ada Carrillo  
Acting Executive Director

Maureen Reilly  
General Counsel

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Sacramento, CA 95814  
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**I. PUBLIC PANEL MEETING CALL TO ORDER**

Barry Broad, Acting Chair, called the public Panel meeting to order at 9:40 a.m.

**II. ROLL CALL**

Members Present

Barry Broad  
Bob Giroux  
Scott Gordon  
Edward Rendon  
Janice Roberts  
Johnathan St. John

Members Absent

Tyrone Freeman

Executive Staff Present

Ada Carrillo, Acting Executive Director  
Maureen Reilly, General Counsel

**III. APPROVAL OF AGENDA**

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the Panel Minutes of June 25, 2006.

Motion carried, 5 – 0.

**IV. APPROVAL OF MINUTES**

ACTION: Ms. Roberts moved and Mr. St. John seconded approval of the Panel Minutes of June 23, 2006.

Motion carried, 5 – 0.

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

There were no reports of the Chairperson/Panel Members.

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

Ms. Carrillo referred the Panel to the Fund Status Tab in the Panel Packet. She said there is \$81.4 million in the Employment Training Fund for Fiscal Year 2006-07. She said the Fund was established solely for ETP, however, after diversions of funds to entities such as the Department of Social Services, the appropriation amount is \$53.3 million. She said this is a 40 percent increase in the appropriation from Fiscal Year 2005-06. After accounting for \$14 million in disencumbrances for contracts with low performance, the budget for Fiscal Year 2006-07 is \$67.3 million. After accounting for prior year liabilities and current year administrative expenses, there is \$43.2 million available for new contracts, resulting in approximately \$123 million in contract value based on a 35 percent encumbrance level.

Ms. Carrillo said there were initially six bills introduced that affected ETP. She said that after working with our partners in the business and labor sector, as well as Panel members, only one bill remains directly affecting ETP. Senate Bill 1690 introduced by Senator Romero. She explained this is a repeat of last year's Senate Bill 314 which, upon approval by the Legislature and Governor, would facilitate funding for seasonal training of farm workers by extending the retention period from 90 days to 12 months. The California Chamber of Commerce and the California Manufacturers & Technology Association oppose this bill. The bill passed through the Senate and is now scheduled for a hearing in the Assembly Appropriations Committee on August 9, 2006. Ms. Carrillo pointed out that last year, Senate Bill 314 successfully passed through the Legislature, but was vetoed by the Governor.

Ms. Carrillo pointed out the upcoming Panel meeting sites scheduled for the remainder of the year and noted the meetings scheduled outside of Sacramento. The August Panel meeting will be held in Burbank on August 25, 2006, the October meeting will be held in San Diego on October 27, 2006, and the December meeting will be held in San Francisco on December 15, 2006. She explained that due to budget constraints, the majority of the 2004-2005 Panel meetings have been held in Sacramento. She said that due to the increase in the 2006-07 budget, this allows for some of the Panel meetings to be held in cities throughout California.

### Request Motion to Delegate in Event of Loss of Quorum

Ms. Carrillo asked for a motion to delegate to the Acting Executive Director the authority to approve projects for which a quorum does not exist in consultation with the Panel Chair or Vice Chair.

**ACTION:** Ms. Roberts moved and Mr. Rendon seconded the Panel delegate to the Acting Executive Director the authority to approve projects for which a quorum does not exist in consultation with the Panel Chair or Vice Chair.

Motion carried, 5 – 0.

Consent Calendar Projects

Ms. Carrillo asked for a motion to approve Consent Calendar items #1 through #12 which represents contracts with no apparent issues of concern.

ACTION: Mr. Rendon moved and Mr. St. John seconded approval of the following proposals:

AAA Business Supplies .....	\$45,100
Advanced Roofing Solutions, Inc. ....	\$33,000
Arma Design, Inc. ....	\$24,200
Combustion Associates, Inc. ....	\$48,400
Enterprise Communications Solutions, Inc. ..	\$24,640
Eureka Fabrication.....	\$49,280
IntelliQuote Insurance Services .....	\$29,920
Mice Displayworks .....	\$199,728
San Diego Travel Group .....	\$49,500
Stoesser Industries dba Stoesser-Gordon Plastics .....	\$32,560
Textron Fastening Systems-Santa Ana .....	\$64,800
U.S. Farm Systems, Inc. ....	\$211,200

Motion carried, 5 – 0.

**VII. REPORT OF GENERAL COUNSEL**

Maureen Reilly, General Counsel, informed the Panel that there was no new activity to report.

**VIII. REVIEW AND ACTION ON AGREEMENTS AND AMENDMENTS**

**Critical Proposal**

**New United Motor Manufacturing, Inc.**

Mr. Broad asked New United Motor Manufacturing, Inc. (NUMMI) representatives if they were currently in discussions involving the project. Company representatives said they were still in discussions, and Mr. Broad said the Panel would consider the proposal out-of-order, after they were finished.

**Single Employer Contractors**

**Frito-Lay, Inc.**

Ms. Roberts recused herself from review, discussion, and action on the Frito-Lay, Inc. proposal.

Diana Torres, Manager of the San Diego Office, presented a One-Step Agreement for Frito-Lay, Inc. (Frito-Lay), in the amount of \$1,678,383. Frito-Lay manufactures and distributes a wide variety of snack and convenience foods.

Ms. Torres introduced Steve Golliver, Vice President of Operations; John Erickson, Director of Finance; and Nancy Cramer, Training & Development Regional Manager.

Mr. Broad asked if they currently had 1,538 individuals enrolled of the 1,885 proposed. Ms. Cramer answered in the affirmative. Mr. Broad asked if Frito-Lay has not yet billed ETP for any hours but that training is occurring and 1,538 are currently being trained. Ms. Cramer answered in the affirmative. Mr. Broad asked about the location of training for this project. Ms. Cramer said the current training is taking place at the Rancho Cucamonga facility and all of the sales distribution centers in Northern and Southern California. She added that 83 percent of the employees under this proposal were not included in the prior contracts.

**ACTION:** Mr. Giroux moved and Mr. St. John seconded approval of the One-Step Agreement for Frito-Lay in the amount of \$1,678,383.

Motion carried, 5 – 0 – 1

(Ms. Roberts recused and Mr. Giroux arrived at 9:50 a.m. and was present for the vote)

Mr. Broad expressed his concern about Frito-Lay's frequency of requesting ETP funding. He was concerned with the fairness of ETP's distribution of assets where one sole company is continuing to request funds and the supplemental nature of training.

Mr. Giroux supported the project but noted the turnover rate was the same as the current year. He encouraged all future repeat applicants to reduce the turnover rate.

### **Western Digital Corporation**

Ms. Torres presented a One-Step Agreement for Western Digital Corporation (Western Digital), in the amount of \$1,178,310. Western Digital designs and manufactures hard drives for personal computers (PCs), gaming consoles, personal video recorders, and set-top boxes that control cable or satellite TV. The company's customers include major personal computer manufacturers and household consumers.

Ms. Torres introduced Jackie DeMaria, Vice President of Human Resources and Yesmean Rihbany Senior Director of Employee and Organization Development.

Mr. St. John asked if managers would be trained in this contract. Mr. Broad explained there is a limit on the amount of training for managers. Mr. St. John asked about the difficulty in the company obtaining qualified workers. Ms. DeMaria said the company was under tremendous pressure especially from globalization and out-of-state competitors. She said the training programs will help the engineers to ensure their professional development.

Mr. Giroux asked about the subcontractor noted in the agreement, National Training Company, and the dollar amount they would receive for the administration of the contract. Bill Sacks, representing National Training Company, Inc., introduced himself and said the fees were based on administrative costs, including computer systems and data flow, up to 13 percent of payment earned by Western Digital. Ms. Carrillo explained that the 13 percent cap applies to the final amount paid to the contractor by ETP.

Mr. St. John asked if the company planned to offer reinforcement training for managers. Ms. Rihbany said they are instituting training programs that will help individuals understand an effective hiring criteria, how to hire right, how to make appropriate selection decisions, and how to integrate new-hires into the organization. She said the company would continue to train as the complexity of jobs change.

**ACTION:** Mr. Gordon moved and Ms. Roberts seconded approval of the One-Step Agreement for Western Digital in the amount of \$1,178,310.

Motion carried, 6 – 0.

### **Automobile Club of Southern California**

Mr. Giroux recused himself from review, discussion, and action on the Automobile Club of Southern California proposal.

Dolores Kendrick, Manager of the North Hollywood Office, presented an Amendment for Automobile Club of Southern California (ACSC), in the amount of \$790,020. ACSC is a not-for-profit member service organization that has been doing business in California for over 100 years. ACSC provides insurance, travel arrangements, and automotive services through its headquarters, administrative offices, inbound call centers, and 75 district offices throughout the state.

Ms. Kendrick introduced Kelly Bozza, Manager and Starlet Blanchette, Instructor of Education, Training & Development.

Mr. Gordon asked about new employee hiring and new-hire training kits. Ms. Bozza said they have a very extensive training program for new employees depending on what their role is and which business unit they work for. She said they have a new employee orientation program and then go directly into training specific with systems and customer service skills for a period of a couple of weeks. Mr. Gordon asked if the company's administrative staff handles the new-hire process or if it was part of the training. Ms. Bozza said it was strictly a partnership with their business units and they have a training instructor assigned to a group of new employees that works directly with the business unit on identifying their needs.

**ACTION:** Mr. Gordon moved and Mr. St. John seconded approval of the Amendment for ACSC in the amount of \$790,020.

Motion carried, 5 – 0 (Mr. Rendon absent for the vote).

## **Pacific Coast Cabling, Inc.**

Ms. Kendrick presented a One-Step Agreement for Pacific Coast Cabling, Inc. (PCC), in the amount of \$244,728. PCC is an integrator of structured cabling systems, data, voice and wireless networks, as well as low voltage systems for security, surveillance, access control, biometrics, and sophisticated audio-visual applications. The company provides services to customers from a broad range of industries including media and entertainment, academia, technology, finance, telecommunications, healthcare, utilities and local government.

Ms. Kendrick introduced David Richards, Vice President of Technical Training.

Mr. Giroux asked about the 17.5 percent turnover rate. Mr. Richards explained that last year one of the customers recruited some of their employees from the field and that turnover is typically not that high.

**ACTION:** Mr. Giroux moved and Ms. Roberts seconded approval of the One-Step Agreement for PCC in the amount of \$244,728.

Motion carried, 5 – 0 (Mr. Rendon absent for the vote).

Mr. Broad re-visited the New United Motor Manufacturing, Inc. project under Tab #13.

## **Critical Proposal**

### **New United Motor Manufacturing, Inc.**

Creighton Chan, Manager of the Foster City Office, presented a One-Step Agreement for New United Motor Manufacturing, Inc. (NUMMI), in the amount of \$6,010,200. NUMMI was created as a joint venture between the Toyota Motor Corporation and General Motors Corporation in February 1984. NUMMI manufactures the Toyota Corolla, Toyota Tacoma pick-up, and the Pontiac Vibe. NUMMI is the last automobile production facility in California and produces over 425,000 vehicles per year.

Mr. Chan introduced Tracy Wakefield, Manager of Human Resources; Michael Truax, Assistant General Manager; Kelley McKenzie, General Counsel; Jack Stewart, President of California Manufacturers & Technology Association; Bob Nelson, President/CEO of UAW-LETC; and George Nano III, President of UAW Local 2244.

Mr. Giroux asked Mr. Nano to explain more about the trainee population. Mr. Nano said they are existing employees and that any time a new vehicle is launched, it requires retraining due to element changes and everyone in the plant must receive training. Mr. Giroux commended NUMMI's low turnover rate.

Mr. Broad asked Mr. McKenzie, General Counsel, about proposing a modification to the proposal regarding the use of administrators. Mr. McKenzie deferred to Mr. Stewart, who

said CMTA has been working with NUMMI over the past 1.5 years to develop the project and had gone through an RFP process to become the administrator of the project. He said they have recently come to an agreement with the UAW LETC in Los Angeles for a limited partnership on the administration which will consist of up to 10 percent of CMTA's fee, which is capped at 13 percent of ETP payment earned. He said the details of the limited partnership agreement will be worked out in the near future. He explained that LETC would function as an intermediary between the team members and the administrative team to promote the importance of the training, and of complying with ETP rules. Mr. McKenzie added that the fee paid to LETC by CMTA would be performance-based. Mr. Broad said that aspect of the partnership was of critical significance to him and the Panel, and specified that the limited partnership agreement must be subject to approval by Panel Members and ETP staff as a condition of funding. He said ETP staff must also be allowed to monitor performance by LETC under the terms of that agreement. He said this could not be drafted as a private-revenue sharing agreement, but must specify the duties to be performed by LETC, and he clarified that LETC's duties could not duplicate CMTA's.

Ms. Carrillo clarified that the partnership agreement would not involve NUMMI as a party, but was strictly between UAW-LETC and CMTA for administrative services. Mr. Steward agreed with Ms. Carrillo's clarification.

Mr. Giroux moved approval of the project with the administrative partnership conditions, and directed staff to report on their review of the draft partnership agreement at the next Panel meeting as an informational item.

**ACTION:** Mr. Giroux moved and Mr. Gordon seconded approval of the One-Step Agreement for NUMMI in the amount of \$6,010,200, with the modification that contract revisions are included in the August Panel meeting as an informational item.

Motion carried, 6 – 0.

## **Raytheon Company**

Ms. Kendrick announced that the company representative was not present at the meeting due to a flight delay. Mr. Broad asked Ms. Kendrick to proceed with the Raytheon Company presentation.

Dolores Kendrick, Manager of the North Hollywood Office, presented an Amendment for Raytheon Company (Raytheon), in the amount of \$519,750. Raytheon is a manufacturer of defense and commercial electronics, and business aviation and special mission aircraft.

Ms. Roberts asked about the 2,974 employees enrolled in the last contract and asked if it included any of the 825 employees proposed for training. Ms. Kendrick said they are new employees to be trained.



**ACTION:** Mr. Giroux moved and Mr. Rendon seconded approval of the Amendment for Raytheon in the amount of \$519,750.

Motion carried, 6 – 0.

### **Xerox Corporation**

Ms. Kendrick presented a One-Step Agreement for Xerox Corporation (Xerox), in the amount of \$197,100. Xerox is a manufacturer of printers, digital presses, multifunction devices and digital copiers.

Ms. Kendrick introduced Len Parker, Vice President and Chief Engineer and William Parker, President of National Training Systems Inc.

Mr. Giroux asked about the disparity in turnover rate, from 6.5 to 17 percent, between the Monrovia and El Segundo plants. Mr. Parker said the majority of the population to be trained, 90 to 95 percent, is from the El Segundo plant. He said Monrovia was built in a very rapid manner where most employees were hired within a 2 to 3 year period, some 25 years ago. He said they have progressed rapidly and approximately 80 percent of employees are of retirement age. He said he was recruiting and training new hires to replace the large number of retirees. Ms. Roberts said that retirement should not be in the calculation for turnover. Mr. Giroux and Mr. Broad agreed. Ms. Carrillo said it could be that turnover was incorrectly calculated because retirement should have been excluded. Mr. Broad asked what the turnover rate at the Monrovia facility would be, if retirement was excluded from the rate. Mr. Parker said it would be similar to the El Segundo facility at a 6.5 percent turnover.

Ms. Roberts asked if training hours had been reduced from 200 to 100 in this contract. She understood that Six Sigma courses require 200 hours of training and asked if the company would fund the remaining 100 hours. Mr. Parker said the majority of Six Sigma and design for Lean Six Sigma is funded by Xerox and is supplemental funding for the software version of design for Lean Six Sigma. He said the bulk of training is self-funded by the corporation.

Mr. Gordon asked how many previous contracts Xerox has had with ETP. Mr. Parker believed there were two prior contracts for the Santa Ana facility. Mr. Gordon said ETP staff clarified there were six prior Xerox contracts and this is the second project within the last five years.

**ACTION:** Ms. Roberts moved and Mr. Giroux seconded approval of the One-Step Agreement for Xerox in the amount of \$197,100.

Motion carried, 6 – 0.

### **Hospira, Inc.**

Mr. Chan presented a One-Step Agreement for Hospira, Inc. (Hospira), in the amount of \$685,440. Hospira develops, manufactures, and markets products used by hospitals,

medical clinics, home healthcare providers, and long-term care facilities. Hospira's portfolio of products include specialty injectable pharmaceuticals, medication delivery systems, and critical care devices.

Ms. Kendrick introduced Sue Czeropski, Training and Development Manager and Christine Warner, Senior Training Specialist.

Ms. Roberts asked how many occupations would be funded at the \$3,600 cost-per-trainee. Ms. Czeropski explained those occupations would include managers, supervisors, direct labor and manufacturing, and some administration. She added that approximately 450 of the total 595 trainees would receive 200 hours of training.

Mr. Gordon asked if there is language in the new-hire kits that address training. Ms. Warner said all employees require training because they are in the medical industry. Mr. Gordon asked about the business plan identifying the training's role in the business plan and about goals and accomplishments. Ms. Warner said training is considered a critical success factor and performance is measured.

Mr. Broad asked how many trainees of the 595 are temporary workers becoming permanent employees. Ms. Czeropski said none of the temporary workers are included in the training population. Ms. Carrillo explained that earlier, Mr. Chan was referring to the contract that was just completed. Ms. Czeropski said 295 contract workers had been hired, and had completed over 11,000 hours of training. Mr. Broad asked how many were retained from the 295 employees. Ms. Czeropski said 40 were retained, and they were in the process of converting approximately 25 more contractor workers into employees.

**ACTION:** Mr. Giroux moved and Mr. Gordon seconded approval of the One-Step Agreement for Hospira in the amount of \$685,440.

Motion carried, 6 – 0.

### **Solectron Corporation**

Mr. Chan presented a One-Step Agreement for Solectron Corporation (Solectron), in the amount of \$1,485,000. Solectron is a worldwide provider of electronics manufacturing services and offers its customers including Intel, Dell Computers, HP, Silicon Graphics, and Verizon Wireless, a full range of products from basic printed boards to full assembly of computers and electronic devices such as printers, tape drives, fax machines and projector engines. Solectron's core competencies include integrated design, manufacturing and support services for companies in the network equipment, telecommunications, workstations, mainframe and personal computer, computer peripheral, test/control and semiconductor equipment industries.

Mr. Chan introduced Greg Hines, Senior Manager of Government and Corporate Affairs; John Le, General Manager; and Virginia Itani, Community Relations Manager.

Ms. Roberts commended Solectron on receiving the Malcolm Baldrige Award. She was concerned with the Production Staff occupation and the low-end wage of \$10.27 per hour and asked how many employees out of the total 1,650 fall under the Production Staff occupation. Mr. Le said approximately 800 fall under the Production Staff occupation. Ms. Roberts asked how many of these employees receive \$10.27 per hour. Mr. Le said approximately 400 employees receive \$10.27 per hour. Ms. Roberts was concerned that 25 percent of the contract are paid only \$10.27 per hour because this is a high-tech company; she asked if the wage could be raised. Mr. Le said Solectron is currently in the process of reviewing employee wages, for this purpose.

Ms. Carrillo explained that, for ETP purposes, the wage must be \$12.90 per hour and the Panel statute allows the inclusion of health benefits to meet the ETP wage. She said the \$10.27 wage was listed in error, and should be corrected to \$12.90 per hour. Mr. Broad asked if trainee base wages change after they complete training. Ms. Carrillo said the wage does not necessarily change. Mr. Le said wage increases depended on the employee's skill level and functions.

Mr. St. John asked how many employees on an annual basis are promoted from the entry-level to the next level. Mr. Le said about 30 percent of their entire workforce would promote to another skill level. Mr. St. John asked what the established annual percentage of increase is. Mr. Le said it is between 2–5 percent based on performance. Mr. St. John asked if this meant employees earning \$10.27 had two opportunities to increase their pay in a given year. Mr. Le answered in the affirmative.

Mr. Gordon asked what the base wage was a year ago. Mr. Le said the base wage a year ago was just below \$10.00 per hour. Mr. Broad asked about the wage progression for production workers and the maximum they can earn. Mr. Le said the maximum amount production workers can earn is \$17.00 per hour. Mr. Broad asked how many years it would take to progress from the entry-level wage to \$17.00 per hour. Mr. Le said it depends on the performance of the employee and that some advance to earning \$17.00 per hour in 1-2 years.

**ACTION:** Mr. Gordon moved and Mr. St. John seconded approval of the One-Step Agreement for Solectron in the amount of \$1,485,000.

Motion carried, 6 – 0.

### **T.C. Inspection, Inc.**

Mr. Chan presented a One-Step Agreement for T.C. Inspection, Inc. (TCI), in the amount of \$207,834. TCI is a testing and inspection services company that conducts “nondestructive testing and inspection” of critical equipment for refineries, chemical and pipeline companies and vessel manufacturers. TCI uses non-intrusive flaw detection techniques such as ultrasonic, and radiography, to inspect and detect cracks, corrosion and/or structural safety.

Mr. Chan introduced Steven McGuire, General Manager.

Ms. Roberts asked where the remainder of 13 employees worked - that is, not including the 67 to be trained - out of the total 80 employees. Mr. McGuire said the other 13 employees worked in Dallas, Texas. Ms. Roberts asked about in-house training and trainers. Mr. McGuire said the trainer is a full-time employee and has been employed with TCI for approximately a year and they have a few other trainers in other various areas.

**ACTION:** Ms. Roberts moved and Mr. Rendon seconded approval of the One-Step Agreement for TCI in the amount of \$207,834.

Motion carried, 6 – 0.

### **Praxair Distribution, Inc.**

Ruby Cohen, Manager of the Sacramento Office, presented a One-Step Agreement for Praxair Distribution, Inc. (Praxair), in the amount of \$643,968. Praxair processes specialty gases and high-performance coatings for businesses in 40 countries including North and South America, Asia, India, China as well as Europe. The California facilities are located in Contra Costa, Fresno, Alameda, Santa Clara, Kern, Los Angeles, Santa Barbara, Sacramento, and Stanislaus counties. They produce atmospheric gases – oxygen, nitrogen, argon and rare gases. They also process specialty gases – carbon dioxide helium, hydrogen, semiconductor process gases, and acetylene.

Ms. Cohen introduced Bill Bright, Division General Manager; Darren Barnett, Division Financial Manager; and Rob Sanger, Manager of Training Services of California Manufacturers and Technology Association.

Mr. Broad asked ETP staff if Hazardous Materials training was legally mandated training. Ms. Carrillo said the proposed training was over-and-above the Cal-OSHA mandate, consistent with ETP regulations.

**ACTION:** Ms. Roberts moved and Mr. St. John seconded approval of the One-Step Agreement for Praxair in the amount of \$643,968.

Motion carried, 6 – 0.

### **Special Employment Training Contractors**

#### **Lanier Worldwide, Inc.**

Ms. Kendrick presented a One-Step Agreement for Lanier Worldwide, Inc. (Lanier), in the amount of \$404,550. Lanier is a document management company that sells, services, and distributes copiers, printers, facsimile devices, scanners and digital duplicators. The company also provides wide-format systems to architects, engineers, builders, and construction companies for large scale documents.

Ms. Kendrick introduced Quentin Peterson, Region Director of Technology Services and Stephen Maria, District Technology Services Manager.

Mr. Rendon asked about flexible spending accounts listed under employee benefits. Mr. Peterson said flexible spending accounts are typically for health care and child care. Mr. Rendon asked if this pertained to health savings accounts. Mr. Peterson answered in the affirmative.

Ms. Roberts asked how the Lanier contract qualified under a Special Employment Training project. Ms. Kendrick said it was determined there was not out-of-state competition. Mr. St. John asked why Ikon Office Solutions was not mentioned in the narrative and asked if they were a competitor company. Mr. Peterson agreed Ikon Office Solutions is a competitor company.

**ACTION:** Mr. Gordon moved and Mr. Rendon seconded approval of the One-Step Agreement for Lanier in the amount of \$404,550.

Motion carried, 6 – 0.

### **Multiple Employer Contractors**

#### **RWM Fiber Optics, Inc.**

Ms. Kendrick presented a One-Step Agreement for RWM Fiber Optics, Inc. (RWM), in the amount of \$236,950. RWM is a private, post-secondary technical school that provides telecommunications training in two programs: Fiber Optic Broadband Technician and Cable TV/Satellite Installer Technician.

Ms. Kendrick pointed out that the maximum hours listed on the menu curriculum was incorrect. It currently states a maximum of 360 class/lab hours and the correct amount is a maximum of 262 class lab hours.

Ms. Kendrick introduced Paul Bonagura, Director.

Mr. Rendon was concerned about the \$9.50 minimum wage. Mr. Bonagura said that, in previous contracts, \$11.00 to \$16.00 per hour was the typical starting wage and that employees would progress quickly. Ms. Carrillo noted that this contract would include a W2W population, whereby the wage can be up to 25 percent below the standard ETP minimum wage.

Mr. Broad was pleased to see the W2W component and encouraged RWM to work diligently in order to establish a successful outcome for this hard-to-serve population.

Mr. Bonagura said he contacted the local W2W office and has a meeting scheduled for Tuesday, August 1, 2006. He said they were very enthusiastic about the project.

**ACTION:** Ms. Roberts moved and Mr. St. John seconded approval of the One-Step Agreement for RWM in the amount of \$236,950.

Motion carried, 5 – 0. (Mr. Giroux was absent for the vote)

## **Sturdi-Quick Prefabricated Structures**

Ms. Kendrick presented a One-Step Agreement for Sturdi-Quick Prefabricated Structures (Sturdi-Quick), in the amount of \$200,762. Sturdi-Quick is a general steel construction company that provides contracting services to residential and commercial customers. Sturdi-Quick heads an employer consortium of steel construction employers, which proposes to train and place workers with employers in the steel framing construction industry.

Ms. Kendrick introduced Mary Flowers, Executive Director.

Mr. Broad asked if production homes are going to begin to be constructed out of steel. Ms. Flowers said they were. She added that their consortium had 20 industry members and another 10 builders from the Yucca Valley area. She said they are building on a monthly basis now that there is an opportunity for a training program. She said major home builders have been refraining from building with steel framing until they have confidence there is a workforce available to them.

Mr. Broad asked about the cost differential between steel and wood, as to whether the price of lumber had risen to a point where the cost of steel was less expensive. Ms. Flowers said it had; she said that, in the last five years, lumber and steel have been at an even cost.

Mr. Broad asked if using steel to build residential homes required a higher skill level than constructing commercial buildings. Ms. Flowers said it required a much higher skill level. She explained that, since Sturdi-Quick is a consortium of employers, they can offer an accredited certificate program to assure skill levels are met.

Mr. Broad commended Sturdi-Quick on the ability to increase wages upon retention, especially for the W2W component. Ms. Flowers said Sturdi-Quick has already received six CalWORKS applicants and the company has approached several CalWORKS agencies in order to implement individuals from all facets of life. Mr. Broad said it was a great opportunity for individuals currently on welfare to obtain this type of job that involves a substantial skill.

Mr. Gordon asked how the staff verified that there is no apprenticeship program for this craft, with reference to a statement by Pat McGinn, Director of the Southwest Carpenters JATC. Ms. Kendrick said staff confirmed Mr. McGinn's statement with the Division of Apprenticeship Standards (DAS), and also received a letter to this effect from AGC. Ms. Flowers explained that AGC is an apprenticeship program for union labor, but residential steel framing is non-union; therefore, there is no formal apprenticeship training program. She said it is Sturdi-Quick's hope to eventually develop a program with union support and DAS approval for the residential steel frame industry.

Mr. Gordon said there is union-sponsored training in light gauge steel stud construction for the commercial industry, through the United Brotherhood of Carpenters. He asked Mr.

Broad if the Panel could take a recess in the meeting to further discuss this topic. Mr. Broad agreed to take a short break so Mr. Gordon could make the necessary inquiries. He explained if it is a matter for Panel discussion, it would need to be openly discussed at the meeting and on the record. While still on the record, Mr. Broad said he understood from Mr. Gordon's remarks that a residential steel frame apprenticeship program may already exist, and that it was a relevant question. Ms. Flowers said Sturdi-Quick had already conducted their own extensive research and could not find any approved program. She said this was an emerging technology in the residential arena.

Ms. Carrillo reminded Mr. Gordon that staff had verified this information with DAS, although it had not been included in the Panel Packet. Mr. Gordon said Doug McCarron, General President of the United Brotherhood of Carpenters (UBC), had spent approximately 20 years investigating light gauge steel stud construction for the residential industry, and requested guidance on the statutory standards. Mr. Broad called the recess, at this point.

Mr. Broad announced that, during the break, the Panel ascertained that a letter was received from DAS stating they do not have any approved apprenticeship program. He said the ETP statute was tied to the DAS approved apprenticeship program specifically, therefore it did not restrict the Panel in this instance. He said if an issue were to develop, the matter will be brought back to the Panel.

**ACTION:** Ms. Roberts moved and Mr. Rendon seconded approval of the One-Step Agreement for Sturdi-Quick in the amount of \$200,762, with the agreement that ETP staff must research non-DAS approved apprenticeship programs and report their findings back to the Panel.

Motion carried, 4 – 0 – 1

(Mr. Gordon voted no and Mr. Giroux absent for vote)

### **Integrated Management Systems Marketing, Inc.**

Mr. Chan presented an Amendment for Integrated Management Systems Marketing, Inc. (IMSM), in the amount of \$700,500. IMSM is a trade association that represents small-to medium-sized manufacturers throughout California.

Mr. Chan introduced Sallyanne Monti, Senior Consultant.

Mr. Broad asked if IMSM was a trade association and not a private for-profit agency. Ms. Monti said they were a manufacturing trade association. Mr. Broad asked if the companies were member companies. Ms. Monti answered in the affirmative.

Ms. Roberts asked why the cost-per-trainee varied between job numbers 3 and 4, as the curriculum looked the same. Ms. Monti said the variance was due to the range of hours and related to the fixed reimbursement rate. She said the rate for a business of 100 or less

employees is at a higher rate than for over 100 employees. Ms. Carrillo agreed that the information supplied by Ms. Monti for the fixed reimbursement rate was correct.

**ACTION:** Mr. Rendon moved and Mr. St. John seconded approval of the Amendment for IMSM in the amount of \$700,500.

Motion carried, 6 – 0.

## **IX. REVIEW AND ACTION ON FY 06-FY 07 STRATEGIC PLAN**

Michael Rice, Planning and Research Manager, presented the Proposed 2006/07 Strategic Plan for Panel approval. He explained that ETP's enabling Legislation requires the Panel to update the Strategic Plan annually, based on employer demand for skilled workers, changes in the state's economy and labor market, and a continuous review of the program. He stated that the Proposed Updated Plan includes:

- (1) Revisions to the Mission and Vision Statements to better reflect the Panel's role in supporting statewide economic development.
- (2) An Assessment Summary which provides a review of performance on last year's goals and objectives, a snapshot of the California economy, a description of other internal and external factors, and an overview of the program budget.
- (3) Identification of funding priorities, including priority industry groups, with accompanying goals and objectives.

Mr. Broad asked if food processing could be added as a priority as part of the agriculture industry. Ms. Carrillo explained that food processing would fall under the manufacturing industry. Mr. Broad asked about the seasonal portion of it and suggested language be changed to agriculture/seasonal food processing. Mr. Broad asked if anyone objected to the change in language. There were no objections and Ms. Carrillo said the change would be made.

Mr. Broad requested an addition under targeting priority industries. He said the ports maritime industry and transportation logistics is a very fast growing area where many new jobs will be created. He said it was not encompassed by the draft Strategic Plan, although, it is an expanding part of the economy. He explained the rapidly growing import and export of goods through California ports and airports and associated transportation logistics needs were creating the labor need. Mr. Rendon noted that with e-commerce, small delivery parcels fall under the following sector of transportation; goods movement. Mr. Broad proposed the addition of goods movement and transportation logistics as a priority industry.

**ACTION:** Mr. Rendon moved and Ms. Roberts seconded approval of the FY 06-FY 07 Strategic Plan with the modification to add the following language to



the targeting priority industries: (1) goods movement and transportation logistics and (2) agriculture/seasonal food processing.

Motion carried, 4 – 0. (Mr. Gordon and Mr. Giroux not present for the vote)

**X. PUBLIC COMMENT**

There was no public comment.

**XI. ADJOURNMENT**

**ACTION:** Ms. Roberts moved and Mr. St. John seconded to adjourn the meeting at 12:00 p.m.

Motion carried, 4 – 0. (Mr. Gordon and Mr. Giroux not present for the vote)