

STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING
California Environmental Protection Agency
1001 "I" Street
Sacramento, CA 95814
February 23, 2007

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

Michael Saragosa
Executive Director

Maureen Reilly
General Counsel

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I. PUBLIC PANEL MEETING CALL TO ORDER

Barry Broad, Acting Chairperson, called the public Panel meeting to order at 9:50 a.m.

II. ROLL CALL

Members Present

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

Members Absent

Tyrone Freeman
Edward Rendon

Executive Staff Present

Michael Saragosa, Executive Director
Maureen Reilly, General Counsel

III. APPROVAL OF AGENDA

ACTION: Mr. Giroux moved and Ms. Roberts seconded the Panel approve the Agenda.

Motion carried, 5 – 0.

IV. APPROVAL OF MINUTES

ACTION: Mr. Giroux moved and Ms. Roberts seconded approval of the Panel Minutes of January 26, 2007.

Motion carried, 5 – 0.

V. DISCUSSION/ACTION ITEM

EcoTerra Appeal

Mr. Broad recommended that the EcoTerra matter be postponed until next month. He gave an overview of the hearing process, insofar as Contractors can appeal a disputed matter (e.g. overpayment) to the Panel, and then to court. A member of the Panel is selected to act as a hearing officer and prepare a proposed ruling. Then the matter comes to the full Panel for consideration. Mr. Broad said that he was designated to conduct the EcoTerra hearing that was held on July 10, 2006. At the conclusion of the hearing, he urged the parties to try settling the case. He said the main question is whether the employer actually paid wages to workers, in order to establish retention. The parties did reach settlement, which called for EcoTerra to pay the workers, although the payment deadline was last month. Mr. Broad explained that EcoTerra faxed a series of documents to Maureen Reilly, General Counsel last night, purportedly to show that the workers have been paid. He proposed the matter be postponed until next month to give staff time assess these documents. If they show that EcoTerra satisfied the terms of settlement, the proposed ruling would not need consideration by the Panel. Mr. Broad said that, without objection, he was ordering that the EcoTerra matter to be placed on next month's agenda pending a resolution of the settlement issues. There were no questions from the Panel.

VI. REPORT OF THE EXECUTIVE DIRECTOR

Mr. Broad introduced new Executive Director, Michael Saragosa, who was recently appointed by the Governor. Mr. Broad expressed his personal thanks and that of the Panel to Ada Carrillo while she served in the capacity of Acting Executive Director. He praised Ms. Carrillo and said she ran ETP very smoothly and knowledgeably.

Mr. Saragosa thanked the Governor for giving him the opportunity to serve in the capacity of the new Executive Director. He addressed the stakeholders for ETP and said he would like to continue the same friendly environment that staff and the Panel have fostered, and to streamline ETP processes further to make it easier for stakeholders to work with ETP and to find innovative ways to fund projects.

Mr. Saragosa presented the legislative and budget reports. Referring to the fund status report, he said that if all proposed contracts are approved today, ETP will have encumbered \$32.7 million of the \$43.3 million available for new training projects in the current fiscal year. This results in a balance of approximately \$10.6 million in potential encumbrance for FY 2006-07. He said it is estimated that by May 2007, ETP will have used all available funds for the fiscal year.

Mr. Saragosa said that the FY 2007-08 Governor's proposed budget is approximately \$56.3 million for the ETP program. Including the reinvestment of \$14 million from disencumbered funds, this would bring the Panel's total budget to \$70.3 million. He said this does not take into account \$2.4 million in technical adjustment that needs to be made to properly align the tax sharing ratio discussed at the previous Panel meeting. He said that adjustment will bring the

proposed budget to \$72.7 million. Mr. Saragosa said that he, Mr. Broad and Ms. Carrillo met with Senator Ducheny earlier in the week and it was a positive meeting. He explained that ETP staff is in the process of setting up meetings with the remainder of the budget subcommittee members in both the Assembly and the Senate to discuss the ETP program and the budget.

Mr. Broad said the budget plan is to build on what was done last year, to acquire the funds back from Department of Social Services. He said ETP will make a strong case on successful implementation of the Welfare to Work projects and he thanked all of the stakeholders for contributing to this success.

Moving on to the Legislative report, Mr. Saragosa said AB 651 was introduced yesterday by Senator Sharon Runner, and would increase the definition of wages in the UI Insurance Code for the purposes of UI taxation. He said this bill would be monitored closely and ETP staff is working with EDD and the Governor’s office to obtain additional information about the bill.

He also discussed pending amendments to SB 115, introduced by Senator Florez, to address the citrus freeze. The bill would be amended to authorize specific ETP funding for workers affected by the freeze. Again, he said, staff would be following the bill closely.

Request Motion to Delegate in Event of Loss of Quorum

Mr. Saragosa asked for a motion to delegate to the Executive Director the authority to approve projects, in consultation with the Panel Chair or Vice Chair, if a quorum does not exist.

ACTION: Ms. Roberts moved and Mr. St. John seconded the Panel delegate to the 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.

Request Motion to Adopt Consent Calendar Projects/Action

Mr. Saragosa asked for a motion to approve Consent Calendar items #1 through #13.

Aurident, Inc.	\$46,800
BEMA Electronics, Inc.	\$49,062
Catalina Freight Line	\$39,600
CATI, Inc., dba SATI of Sacramento	\$94,780
Dauntless Molds	\$49,920
Fluidmaster Inc.	\$49,680
Lin Engineering, Inc.	\$49,400
Motion Engineering, Inc.	\$21,600
Perillo Industries, Inc., dba Century Electronics	\$49,686
Siegfried Engineering, Inc.	\$16,368
T. Christy Enterprises, Inc.	\$49,500

Visions Painting, Inc.	\$49,324
Visions Recycling, Inc.	\$15,840

ACTION: Mr. Giroux moved and Ms. Roberts seconded approval of Consent Calendar Items #1 through #13.

Motion carried, 5 – 0.

VII. REPORT OF THE GENERAL COUNSEL

Maureen Reilly, General Counsel, had nothing to report.

VIII. REVIEW AND ACTION ON AGREEMENTS AND AMENDMENTS

Single Employer Contractors

Farmworker Institute for Education & Leadership Development (FIELD)

Ms. Ruby Cohen, Manager of the ETP Sacramento Office, presented a Concept Proposal for Farm Worker Institute for Education & Leadership Development (FIELD), in the amount of \$500,400. She explained that FIELD is a non-profit corporation providing job skills, training and support to seasonal workers in California. She explained that FIELD is requesting funds to train seasonal workers under the provisions of the newly enacted Unemployment Code Section 10204.5, which became effective January 1, 2007. The intent of this new legislation is to reach the frontline workers that are subject to cyclical lay-offs based on the nature of the work in the major seasonal industries. She referred to Page 2 of the Memorandum, where guidelines for the seasonal worker program are outlined.

Ms. Cohen said FIELD initially requested \$3.3 million in ETP funds to provide 180 hours of training to 1,500 trainees. The scope of the proposed training was reduced to \$500,000, and the number of trainees has been dropped to 149. The proposed curriculum includes VSL, business skills and continuous improvement skills to harvesters, packers, shippers, equipment operators and their immediate supervisors. Ms. Cohen explained that the majority of trainees would be paid the state minimum wage of \$7.50 per hour for Calendar Year 2007. FIELD is requesting an advance payment of up to 75 percent of the approved amount of funding. She said FIELD intends to use ETP funds as a stipend, to be paid directly to the trainees during their hours of training and throughout retention.

Ms. Cohen said, in reference to the stipend, there is currently no provision for the Panel to disperse ETP funds for the purpose of paying trainee wages, welfare relief, or any other kind of stipend. Instead, ETP can only reimburse reasonable and training administrative costs incurred by the contractor. She explained there is no latitude for modification of this standard.

Ms. Cohen referenced vocational training, and said that staff needs to obtain additional information about VESL and the vocational nature of other training in the proposed curriculum.

Overall, the recommendation from staff is that the Panel remands the Concept Proposal for further development, consistent with the issues identified in the Memorandum. With cooperation from FIELD, staff believes it is possible to present a more detailed proposal by the next regularly-scheduled Panel meeting.

Ms. Cohen introduced David Villarino, Executive Director of FIELD and Joaquin Garza, Director of Industrial Services of FIELD.

Mr. Villarino said there were two representatives present from Monterey Mushrooms and Burchell Nursery, to speak on behalf of the quality of training provided by FIELD. Mr. Villarino introduced Andrew Goodwin from Monterey Mushrooms.

Mr. Goodwin said they recently worked with FIELD to provide training on problem solving. He said FIELD put teams of frontline workers through rigorous training processes that included objective thinking skills, problem solving, how to work more efficiently, how to reduce costs, improve efficiencies, reduce waste and communication problems. He said Monterey Mushrooms was very satisfied with the outcome.

Ms. Roberts asked if Monterey Mushrooms would be a participating employer under the Concept Proposal. Mr. Goodwin said they have a separate contract for ETP funding, as a single employer.

Mr. Villarino introduced Ponciano Madrigal, the Human Resource Manager of Burchell Nursery.

Mr. Madrigal said Burchell Nursery is one of the state's largest commercial nurseries for orchard trees. They have greenhouses in Fresno and Oakdale, and retain up to 275 employees annually. He said their experience with FIELD has been that they have done leadership training and communication and conflict resolution. He said that on the process improvement portion of it, in regards to vocational literacy, that he has seen a huge benefit for their employees. He said the quality of training done by FIELD was as good as anything he had seen at a professional seminar. He said training was always delivered in a format that was understandable to the group, even though they may have limited skills with literacy. He said one outcome of training is that now, Burchell employees write down procedures and follow a quality control plan.

Mr. Villarino said the companies that are testifying are typically year-round employers. He said the difference is that training will be for seasonal employers in citrus. He said they have commitments from the Air Drum in the central valley; from Sun World and other union companies in Coachella. He said FIELD is asking for the 75 percent because the employer match has been waived, so FIELD is assuming all of the training costs. He said they want to make sure that they do not have to carry enormous debt in terms of bringing forward the training.

Mr. Villarino said they will bring training to 166 employees under a 2 year contract with 18 months for delivery and the final 6 months for retention. He said they are basically going in

with one leg, because the employer's match is going to be waived. He said he was happy to answer any technical questions the Panel may have.

Mr. Broad said the Panel needed time to consider the Concept Proposal. He said they would not vote on anything today because this is not a fully-realized proposal. He identified several problems. For one thing, he said, ETP is not set up as an emergency-response training program. Even with the agricultural season aspect, which we strongly support, the assumption was to train workers during the season, and retain them the following season. It really was not set up as an "unemployed retraining" program because that is a very unusual situation. Typically, seasonal employees are collecting Unemployment Insurance (UI) benefits during the period when the season ends, and we are not an income support entity. We legally cannot do that, as Mr. Broad pointed out. That being said, there is sort of a mixed discussion here. He said this has evolved from an emergency-response proposal to a standard ETP proposal. And so, I think FIELD can sit down with the staff and work out these issues, and come back in a month. If there is no work in citrus, and the next work is grapes in the summer, another 30 days will not harm the outcome. He said the workers will still have time to get all the training, before they have started the grape harvest.

Mr. Villarino asked if there is a way that the Panel can give the Executive Director the authority to work with FIELD, so that if they expedite and resolve the issues they can then go forward with a contract. Mr. Broad asked Mr. Villarino, "What is the rush?" Mr. Villarino said the industry is in serious jeopardy of losing the workforce and said this is a way to keep them locally available – that is the bottom line. He said FIELD is not paying them wages out of this; it is a standard ETP contract, but this is the way for the industry to hold onto the workforce. He said you may believe, Mr. Broad that they are going to come for the grape harvest. The reality is that these workers will leave, because they have to find work.

Mr. Broad asked if he means that workers will stay because they are going to be in class, instead of looking for a job. Mr. Villarino said this was correct, that they will be in class and that FIELD is going to try to work this out with them. Mr. Broad asked if they are going to get work elsewhere, in the meantime. Mr. Villarino answered that they would "potentially" work elsewhere. He said the point is that the workforce stays tied to the employer, through the training and education. He said everyone wins; there is a skilled workforce, one that is more proficient and is able to contribute to the competitiveness of the employer.

Mr. Broad asked how many employees are unemployed by the citrus freeze. Mr. Villarino said that in the Central Valley, the estimates are 28,000. In Ventura County, the estimates are 15,000, and in Coachella the estimates are 1,500. These are not three or four month industry cycles. These are eight to nine month cycles, so these workers have to learn other skills, principally vocational English that will help them in terms of other employment whether it is with packing sheds, shipping agencies or construction labor. He said these are seniority workers with a union contract so they are going to come back when the season picks up.

Mr. Gordon said he would like Mr. Villarino to consider, during this dialogue phase, an even more practical approach to training. As far as the curriculum, he suggested safety training such as environmental awareness or forklift safety. Mr. Villarino agreed with Mr. Gordon's

training suggestions. Mr. Gordon said when FIELD returns at a future date, he would like to see some of the 8 and 10 hour courses with refresher dates attached to them, because that gives those employees marketability for the various industries stated.

Mr. Villarino again, asked for the Panel to give the Executive Director the authority to finalize the terms, so they can launch this project without having to wait another month. Mr. Broad said the Executive Director can finalize the terms, but the Panel has to vote on it. He said the Panel cannot give the Executive Director the authority to approve contracts, without the Panel seeing what is at stake.

Mr. Villarino said, I will tell you this Mr. Broad, we got the materials on Friday and communicated to ETP but we were told nothing could change over the week because it had been submitted. We have made all the adjustments we could, to get the affirmative vote today. Mr. Broad was appreciative of Mr. Villarino's efforts and asked if FIELD could return in 30 days with a proposal that can work. He said the elements are there, but it is a little vague on the details. He said that with all due respect, the Panel cannot be put in a position where they are rushing into this, because they are very sympathetic to farm workers.

Mr. Broad suggested training more workers with shorter training time requirements. Mr. Villarino said FIELD is only limited because the employer match has been waived. He said, quite frankly, that they are cutting new ground, and they admit it. He said that sometimes ETP moves a little slow. Mr. Villarino said he understands being prudent but with all due respect, FIELD must figure out a way to play their part in the recovery on the freeze disaster. Mr. Broad said he thinks that is going to happen, but not today. He said FIELD can return in a month.

Mr. Giroux suggested that if the FIELD project is being put over to next month, that he would like to make sure that it is resolved at the next meeting and that the Panel makes it a special order of business. Mr. Broad agreed.

Ms. Reilly asked if she could interject a couple of comments. Mr. Broad asked her to proceed. Ms. Reilly said Mr. Villarino, as you know, we have been in communication with you and your staff trying to obtain the necessary information so we can put this proposal into a final format, instead of just a concept. She understood that FIELD sent some information as ETP was about to go to press with the Panel packet, but it was too late. Mr. Villarino said he understood. Ms. Reilly said that the latest information showed that FIELD realized we could not fund stipends, but was still linking this request for training funds to the emergency nature of the citrus freeze. Mr. Villarino said that is FIELD's desire. Ms. Reilly said that absent the use of this money to pay stipends, there is no urgency nature. In other words, the training would proceed as per a normal training plan. Mr. Villarino said this was not the employer's perspective. Ms. Reilly said while that may not be the employer's perspective, FIELD is linking the request for 75 percent of funding and the emergency timing of this proposal to the freeze. She said that is the only urgent situation. Mr. Villarino said it was his opinion that it is pretty compelling. Ms. Reilly said we also need a few specific items of information, by next Friday. In particular, we need the wage range by occupation, copies of the collective bargaining agreements, and more certainty as to the vocational nature of the training. Mr. Villarino said

he wants to be sure that FIELD is not singled out for any special oversight just because the workforce happens to be kind of different from the normal workforce. Mr. Broad said he did not think that is happening and if anything, FIELD is getting favored treatment here.

There was no voting on this project, as it is a Concept Proposal at this time.

Single Employer Contractors

Autoland, Incorporated

Ms. Kendrick, Manager of the ETP North Hollywood Office, presented a One-Step Agreement for Autoland, Incorporated (Autoland), in the amount of \$128,700. She said that Autoland is a car buying service that has more than 75 locations nationwide representing over 300 credit unions.

Ms. Kendrick introduced Mark Chandler, Executive Vice President & Chief Sales Officer and Julie Maclean, Director of Member Services.

Mr. Chandler said there are 64 Autoland locations in California, and 11 in the Pacific Northwest. Ms. Roberts asked why a substantial contribution did not apply to this contract. Ms. Carrillo said that this was because in previous contracts, the facilities had not earned \$250,000.

Mr. Broad proposed an agenda item for the March Panel meeting to discuss the substantial contribution policy. He was concerned about whether different facilities is a distinction that should be made. Ms. Roberts agreed that substantial contributions should be further reviewed.

Ms. Roberts asked about the 19 percent turnover rate. Mr. Chandler explained that Autoland lost several employees to out-of-state competitors, which is the reason they want to continue training. Ms. Roberts was concerned about retention challenges, based on the prior funding agreements. Mr. Chandler said he thought Autoland could reduce turnover to 15 percent, and possibly 10 percent. He said retention is their number one priority.

Mr. Gordon asked if Autoland has a new-hire training program. Mr. Chandler answered in the affirmative. Ms. Maclean said she recruits employees for Autoland, and speaks to them clearly about Autoland's focus on training and retention.

Mr. St. John asked what Autoland has done differently to reduce the turnover rate. Mr. Chandler said they now have a surveying process that helps with employee selection, and as a result they have had less turnover in the last 60 days. He said the company's "down time" is from November through February. In the past, during those months they would lose approximately 10 percent of their staff; this year, they only lost about 4 percent.

ACTION: Mr. Gordon moved and Ms. Roberts seconded approval of the One-Step Agreement for Autoland in the amount of \$128,700.

Motion carried, 5 – 0.

PLX Technology, Inc. (Presented out of order)

Mr. Chan, Manager of the ETP Foster City Office, presented a One-Step Agreement for PLX Technology, Inc. (PLX Technology), in the amount of \$99,900. He explained PLX Technology develops and supplies semiconductor devices that accelerate and manage the transfer of data in microprocessor-based systems including networking and telecommunications equipment, enterprise storage devices, servers, personal computers (PCs), PC peripherals, consumer electronics, imaging and industrial products.

Mr. Chan introduced Ken Murray, Vice President of Human Resources.

There were no questions from Panel members.

ACTION: Mr. Gordon moved and Ms. Roberts seconded approval of the One-Step Agreement for PLX Technology in the amount of \$99,900.

Motion carried, 5 – 0.

Quinn Group, Inc.

Ms. Kendrick, Manager of the North Hollywood Office, presented a One-Step Agreement for Quinn Group, Inc. (Quinn), in the amount of \$827,820. She explained that Quinn provides manufacturing, repair and rental services for the following machines: asphalt/paving/concrete equipment, compaction equipment, crawler loaders, dozers, excavators, motor graders, pipelayers, scrapers, and wheel loaders. Quinn specializes in component rebuild for heavy construction equipment. In addition, Quinn prepares equipment appraisals, financing and leasing, insurance, and transportation/hauling.

Ms. Kendrick introduced Steven Nunez, Director of Human Resources and Win Garcia, Training Specialist.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Mr. St. John seconded approval of the One-Step Agreement for Quinn in the amount of \$827,820.

Motion carried, 5 – 0.

Sedgwick Claims Management Services, Inc.

Ms. Kendrick presented an Agreement for Sedgwick Claims Management Services, Inc. (Sedgwick), in the amount of \$766,500. She said that Sedgwick is a third party administrator for workers compensation and other insurance claims, on an out-sourced basis for self-insured clients.

Ms. Kendrick introduced David John Scotto, Senior Vice President and Chief Learning Officer and Steve Duscha, Duscha Advisories.

Mr. Broad was concerned with the project because the workers compensation system is adversarial. He said the Panel would proceed cautiously in considering a project to train claims adjusters, given the well-known problems experienced by medical providers, injured workers and employers. He said it is a subject of ongoing controversy and complicated negotiations. Mr. Broad said the biggest complaints concern out-of-state claims administration.

Mr. Scotto shared Mr. Broad's concerns and said that is what Sedgwick is faced with, as they continue to see companies trying to take advantage of cheaper wages by using out-of-state administrators. He said Sedgwick's focus is to invest in technology to remain in California. Mr. Scotto said that Sedgwick has a good reputation in the industry, even though he agreed that claims adjustment is necessarily adversarial. Given regulation changes in recent years, he said, it has lessened a bit. He said that adjusters must follow state guidelines; no more, no less. He said Sedgwick's strategy of investing in people and technology is the right approach.

Mr. Broad asked why injured workers cannot get immediate medical treatment. Mr. Scotto said the first thing insurance carriers cancel is training, and often times the adjusters are unclear about the law or how the system works. He said about 60 percent of the problems he sees with claims adjusters is not returning phone calls. He said this is not what Sedgwick wants to happen. Instead, they hope to train over-and-above what the state legislation mandates.

Mr. Scotto said Sedgwick has a system of "claims colleges" where they hire recent college graduates and put them through a four-month program on how to adjudicate claims. He said they are not teaching individuals how to deny claims, but teaching them how to process claims efficiently. He said the other aspect of their quality improvement is using technology to enable self-service by injured workers. He said many processes are going paperless in the industry now. He said this allows claimants to go to a website, and get their questions answered in a timely manner. Mr. Scotto expressed that most problems are due to a lack of knowledge or lack of responsiveness. He said the industry has failed itself in its effort to train their employees.

Mr. St. John asked if the company, as a third-party, was still in communication with the employer. Mr. Scotto answered in the affirmative. Mr. St. John said he had some experience in this field, and realized that claims adjustment is a double-edged sword. He said there are systemic tensions between the injured worker, the employer and the third party administrator. Mr. St. John said his experience in human resources has been positive when using a third-party administrator like Sedgwick.

Ms. Roberts expressed concerns about the commercial portion of the proposal. She said that return-to-work and injury management should be funded by Sedgwick. Mr. Broad suggested re-working the proposal, to delete training on administering claims and staying with the technical training that is not unique to this industry, such as computer skills and continuous improvement.

Mr. Scotto agreed to re-working the proposal, and said that since they are investing in a paperless process, workflow issues may need to be included.

There was no voting on this project, as Mr. Broad asked Sedgwick to return next month.

Chong Partners Architecture Incorporated

Mr. Chan presented a One-Step Agreement for Chong Partners Architecture Incorporated (CPA), in the amount of \$234,060. He said CPA focuses on healthcare, education, and municipal sectors. The company provides architectural services such as strategic facilities planning, feasibility evaluations, site analysis and development planning, master planning, space utilization analysis, design and planning, construction administration, and project management.

Mr. Chan introduced Nadja Peterson, Director of Human Resources & Senior Associate.

There were no questions from the Panel.

ACTION: Mr. Giroux moved and Ms. Roberts seconded approval of the One-Step Agreement for CPA in the amount of \$234,060.

Motion carried, 5 – 0.

The Clorox Company

Mr. Chan presented a One-Step Agreement for The Clorox Company (Clorox), in the amount of \$1,529,280. He said Clorox manufactures household laundry, cleaning supplies, retail food products, charcoal, insecticides, cat litter, and water filtration systems.

Mr. Chan introduced Kathryn Hayes, Training and Development Manager.

Ms. Roberts asked how many employees would receive the advanced technology training. Ms. Hayes said approximately 75 to 100 employees would receive advanced technology training. She said one of the challenges they are faced with is that more people are going to need to be able to interface with higher level technology systems in order to create the business intelligence required by their customers.

Mr. St. John asked about SAP computer skills. Ms. Hayes said it is an enterprise system that the company implemented years ago. She said they are now adding several new computer systems to interface with that enterprise including product data management, transportation management and radio frequency identification. Mr. St. John asked if there was a customer portal for the SAP system. Ms. Hayes said the customers accessed mainly through the reports, and that very few customers, enter directly into the system.

Mr. Broad asked about the training plan and if all 1,620 workers would receive training at the same time. Ms. Hayes said training would happen over a period of time due to initiative

stages. She said the participants would oversee all functions in sales, marketing, manufacturing and different functions, but it would be sequential in terms of the initiatives. Mr. Broad asked if Clorox was agreeable to dividing the contract into two parts, as he was, concerned with the amount of encumbered funds. Ms. Carrillo explained the ETP is only encumbering 35 percent of the \$1.5 million for this contract and said as progress is shown, the encumbrance will be increased. Mr. Broad was agreeable to Ms. Carrillo's explanation.

ACTION: Mr. Giroux moved and Ms. Roberts seconded approval of the One-Step Agreement for Clorox in the amount of \$1,529,280.

Motion carried, 5 – 0.

Multiple Employer Contractor

County of San Bernardino, Workforce Investment Board

Ms. Torres presented a One-Step Agreement for County of San Bernardino, Workforce Investment Board (San Bernardino WIB), in the amount of \$179,600. She said that San Bernardino WIB is the Workforce Investment Act (WIA) grant recipient overseeing WIA employment training programs in San Bernardino County.

Ms. Torres introduced Barbara Halsey, Director and Alan Rasmussen, Grants & Programs Design.

Mr. Giroux asked about company recruitment. Ms. Halsey said initially this contract will provide upgrade training for incumbent workers. She said they are also developing an aviation technology training institute, located on the base that is partially funded by the City and County of San Bernardino. She said that project would draw from the surrounding communities. She said there are over 60,000 people that commute every day because there is a lack of local employment opportunity and it is their goal to provide training for jobs in the local area.

Mr. Giroux asked about the participating aircraft companies. Ms. Halsey responded by naming GE Aircraft, Pratt Whitney, Southern California Aviation and Leading Edge. Mr. Giroux asked if they receive any Workforce Investment Act funds through the Employment Development Department. Ms. Halsey answered in the affirmative. She said they have an annual budget of approximately \$4 million for adult and dislocated workers. She explained that the Workforce Investment Board contributed \$75,000 to the training program that will run in collaboration with Victor Valley College.

Mr. Giroux asked if there was any involvement from either the United Auto Workers or the Machinist's Union. Ms. Halsey said there is presently no union involvement. Mr. Broad suggested contacting UAW and the Machinist's Union since there are many displaced union members in the aerospace industry with significant skills in other areas.

ACTION: Ms. Roberts moved and Mr. Giroux seconded approval of the One-Step Agreement for San Bernardino WIB in the amount of \$179,600.

Motion carried, 5 – 0.

San Diego Hospitality Institute

Ms. Torres presented a One-Step Agreement for San Diego Hospitality Institute (SDHI), in the amount of \$268,080. She said SDHI is a non-profit Community Based Organization and is the only school that serves the entry-level hiring needs of the San Diego County hospitality industry.

Ms. Torres introduced Marlene Whiteside, Administrator/CEO and Tom Cartwright, Chief Operating Officer.

Mr. Giroux asked about the turnover rate and the percentage of trainees placed. Ms. Whiteside said approximately 80–90 percent of trainees are placed. Mr. Giroux asked if trainees are placed in hotels and tourism industries. Ms. Whiteside answered in the affirmative. Mr. Giroux asked about the tracking of trainees after placement. Ms. Whiteside said trainees are tracked 90–120 days after placement. Mr. Broad said ETP staff was also tracking the Welfare to Work trainee placement.

ACTION: Mr. St. John moved and Mr. Giroux seconded approval of the One-Step Agreement for SDHI in the amount of \$268,080.

Motion carried, 5 – 0.

Western Growers

Ms. Torres presented a One-Step Agreement for Western Growers in the amount of \$499,350. She explained that Western Growers is an agriculture trade association with more than 3,000 member companies that grow, pack and ship 90 percent of the fresh fruits, nuts and vegetables in California.

Ms. Torres introduced Karen Timmins, Vice President of Human Resources; Anthony Magno, Training and Steve Duscha, Duscha Advisories.

Ms. Roberts asked about retention for seasonal workers, insofar as they may need to move around to multiple employers. Administrative consultant Steve Duscha explained there was multiple-employer retention for the seasonal workers only. Ms. Halsey said it was not unusual for employees to move with the harvest, change crops and remain employed.

Mr. Gordon asked Ms. Torres if there were state requirements for training field workers. Ms. Torres was unaware of any state training requirements and said that, based on a needs assessment, the company met safety training standards.

ACTION: Mr. Giroux moved and Ms. Roberts seconded approval of the One-Step Agreement for Western Growers in the amount of \$499,350.

Motion carried, 5 – 0.

Century Housing Corporation

Ms. Kendrick presented a One-Step Agreement for Century Housing Corporation (Century Housing), in the amount of \$510,385. She said that Century Housing is a training agency and that proposed training is for a preparatory apprenticeship feeder program that leads to union apprenticeship opportunities directly linked to construction industry employers.

Ms. Kendrick introduced Robert Norris, Executive Vice President and Ann Marie Hickambottom, Senior Vice President of Community Services.

There were no questions from Panel members.

ACTION: Mr. Giroux moved and Ms. Roberts seconded approval of the One-Step Agreement for Century Housing in the amount of \$510,385.

Motion carried, 5 – 0.

Community Business College, Inc.

Ms. Cohen presented a One-Step Agreement for Community Business College, Inc. (CBC), in the amount of \$613,150. CBC is a private, postsecondary and vocational training facility providing occupational skills to individuals seeking new or enhanced employment.

Ms. Cohen introduced Dan Guerra, Director.

Mr. Broad had questions about the request to increase “incidental placements” from 20 percent to 25 percent for the Welfare to Work trainees. He asked why 25 percent would go to public entities or non-profit organizations. Mr. Guerra said that a couple of public agencies in the area suggested they might be willing to hire individuals in this category. Mr. Broad was concerned about the jobs being temporary. He asked if we could ensure that public entity jobs are permanent jobs. Mr. Guerra said they would ensure these were permanent jobs.

Mr. Broad asked why training costs range from 8 to 12 percent. Ms. Carrillo said that Multiple Employer Contractors are allowed 8 percent for support costs. She said that CBC is not asking for support costs for new-hires or the trainees under Special Employment Training (SET), but only asking for the Welfare to Work population. Regarding the request for a lower post-retention wage, Mr. Broad asked if CBC would agree to a 120-day retention. Mr. Guerra said a 120-day retention period would put them over the time period of the two-year agreement, unless the term could be extended. Ms. Carrillo said the term could not exceed 24 months.

Mr. Broad asked if W2W individuals could be trained earlier than others. Mr. Guerra said it would not be practical. Ms. Carrillo said the post-retention wage for that area is \$10.13 per hour, and explained that the Welfare to Work wage can be 25 percent below that. She said for this population, especially in the high-unemployment area, staff recommends approval.

Mr. Giroux asked if ETP funding would fully pay for each trainee, or if CBC would ask students to apply for federally-guaranteed loans to supplement their training. Mr. Guerra said they are not asking for student loans. Mr. Broad asked if it is ever the case that ETP funds are received and trainees must also get student loans. Ms. Carrillo said that some trainees may receive Pell Grants, but that amount would be deducted from the amount of funds awarded by ETP.

ACTION: Mr. Giroux moved and Ms. Roberts seconded approval of the One-Step Agreement for CBC in the amount of \$613,150.

Motion carried, 5 – 0.

IX. DISCUSSION/ACTION ITEM

Proposed Regulation Amendment and Proposed Regulation Repeals

Maureen Reilly, General Counsel, referred the Panel to the Regulations Tab in the Panel Packet. She said staff is proposing one amendment and four repeals. She said the amendment is to Section 4401.1 concerning employer eligibility. She said they are asking to remove language that identifies the California Employer Account Number (CEAN) by its prefix, and also to clarify “incidental placement” requirements. She said the strikeout-and-underline text of the regulation is attached to the Memorandum.

Ms. Reilly explained a change from this text in the fourth line of Section 4401.1(a), which should read: “An Employer is eligible for Panel funding for purposes of retraining or new hire placement of trainees if it is subject to payment of the California Unemployment Insurance (UI) tax.” Mr. Broad asked if the remainder of the sentence should be deleted and Ms. Reilly agreed. She said the proposed amendment would not say: “and contributes to the Employment Training Fund, pursuant to UI Code Section 976.6.” She said the Memorandum is correct where it explains that the only eligibility requirement under the enabling statute is that employers must be subject to payment of the UI tax.

In general, Ms. Reilly said, the other four regulations are proposed for repeal because they are either out-of-date, or are procedural only. For example, one regulation sets forth a “retraining certification” form. She said if the form needs to be updated, the Panel must go through notice-and-comment rulemaking because it is in a regulation.

Ms. Reilly also referred to Section 4432 regarding the incompatibility of holding dual public offices. She said this regulation was not necessary because it only sets forth part of a U.S. Supreme Court ruling that is quoting from a treatise on municipal corporations, more or less as a doctrine. In the regulation, she said, the quote is out-of-context and potentially

misleading. She said the incompatibility doctrine applies, without the need for a regulation, based on the facts of a given case.

Mr. Broad informed Panel members that if they vote to approve the regulatory changes, they will be subject to the public notice process. Mr. Broad asked the Panel if there were any questions. There were no questions from the Panel.

ACTION: Mr. Giroux moved and Mr. Gordon seconded to propose the amendment of Section 4401.5 and repeal Sections 4401, 4402, 4441 and 4432.

Motion carried, 5 – 0.

X. PUBLIC COMMENT

There was no public comment.

XI. ADJOURNMENT

ACTION: Mr. St. John moved and Ms. Roberts seconded to adjourn the meeting at 12:40 p.m.

Motion carried, 5 – 0.