



**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**
California Environmental Protection Agency
1001 I Street
Coastal Hearing Room – 2nd Floor
Sacramento, CA 95814
July 24, 2015

PANEL MEMBERS

Barry Broad
Chair

Janice Roberts
Vice-Chair

Gloria Bell
Member

Sonia Fernandez
Member

Leslie McBride
Ex-Officio Member

Edward Rendon
Member

Sam Rodriguez
Member

Executive Staff

Stewart Knox
Executive Director

Maureen Reilly
General Counsel

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I. PUBLIC PANEL MEETING CALL TO ORDER

Chairman Broad called the meeting to order at 9:37 a.m.

II. ROLL CALL

Present

Gloria Bell
Barry Broad
Sonia Fernandez
Leslie McBride
Edward Rendon
Janice Roberts
Sam Rodriguez

Executive Staff Present

Stewart Knox, Executive Director

III. AGENDA

Chairman Broad asked for a motion to approve the Agenda.

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

Motion carried, 7 – 0.

IV. MINUTES

ACTION: Ms. Roberts moved and Ms. McBride seconded the motion that the Panel approve the Minutes from the June 24, 2015 meeting.

Motion carried, 7 - 0.

V. REPORT OF THE EXECUTIVE DIRECTOR

Stewart Knox, Executive Director said, good morning Panel members, applicants, and stakeholders. Following the Panel meeting in June, we have a much larger Panel meeting this month with over \$13M in projects and \$521,000 in Delegation Orders to start off the Fiscal Year (FY). We will also update you on the opening of the pool of funds for FY 2015/16 which includes this month.

Today we have a mix of single employers and multiple employer projects. Regional Office Managers Diana Torres, Greg Griffin, Creighton Chan, and Willie Atkinson are here today to present those proposals.

Regarding the budget for Alternative Fuels, this year we are starting off with \$2.8M. Should the Panel approve all the projects today, which is over \$1.3M, we will have about \$1.5M remaining for this FY. The \$2M of drought funding has been completely encumbered and we were not allocated new funds in this new FY.

In regards to CORE funding, to date, the Panel will consider an additional \$13.7M with another \$521,949 approved by the Delegation Order. Should the Panel approve all the projects today, the Employment Training Panel (ETP) will have approximately \$77M for the remainder of the FY. After June's meeting all of FY 2014/15 has been encumbered and ready to go. As you recall, we amended this year's allocations to bring down liabilities for this FY, giving us the ability to have more funds available for FY 2015/16. We will have an updated report for you on our August Panel meeting.

Under Delegation Order, Small Business was capped at \$50,000 and other proposals were capped at \$100,000 to be approved by the Executive Director on a continuous flow basis, and as of today we have approved 11 projects totaling over \$521,000 for this FY.

For the FY 2015/16 program funding, to date we have approximately 403 applications submitted during the first and second round, with a value just under \$70M; this is round one and two for all fund streams. The number of applications we have received this year is slightly higher compared to last year, which was about 398. Financially we look very strong. The beginning of the year is always the big push and most of the larger projects are in.

In regards to the Fund Status Report for the FY 2015/16, the ETP fund is at \$76.2M. The projected contracting capacity is \$90.6M; 38% encumbrance level. We will bring you an updated version of the closeout at the next Panel meeting. This will likely change since we have moved the funds into the prior year's contract liabilities, bringing that figure higher into the next year. We will then increase the amount of funds we have available for the FY 2015/16, for now we are leaving it as is until the closeout is complete.

Potential funding of applications and demands by contracts are still in the regional offices. Single Employer Contracts request is at \$40M; \$45M in allocations. Multiple Employer Contracts requests are about \$13M in demand; \$20M in allocations. Small Business is at \$3.9M in demand; \$6.5M in allocations. Critical Proposals is at \$2.1M in demand; \$8M in allocations. Apprenticeships are at \$7M in demand; \$12M in allocations. Overall demand is approximately \$70M.

Regarding the number of projects remaining in the regional offices today: Single Employers 102, MECS 21, Small Business 90, Critical Proposals 6, Apprenticeship 13; total of 232. AAU by category: Single Employers 78, MECS 17, Small Business 57, Critical Proposals 2, Apprenticeship 16; total of 170. Staff is working hard on pushing those projects out into the regional offices; about 68% of the projects have been assigned to the regional offices to date. If you haven't been contacted by our staff, I'm sure you will be hearing from them shortly.

Mr. Knox said, as I had mentioned in our previous meeting, we will send out a report of last year's audits on 12 different contracts in the last 6 months to our Panel members. We will send out the reports via email at the end of next week. If you have any questions regarding this matter, you can email me or give me a call.

Regarding the legislative update, AB 1270, California Workforce Innovation and Opportunity Act was approved by the Governor on July 14, 2015, and filed with the Secretary of State the same day and chaptered (Chapter 94, Statutes of 2015). In summary, AB 1270 updates statutory references to the Workforce Investment Act of 1998 to instead refer to the Workforce Innovation and Opportunity Act of 2014 and makes other related conforming changes. Further, it revises legislative findings with regard to the act, revises the definitions of terms used within the act, and renames the California Workforce Investment Board the California Workforce Development Board.

VI. REQUEST MOTION TO DELEGATE IN EVENT OF LOSS OF QUORUM

Mr. Knox asked for a motion for the Panel to delegate authority to the Executive Director to approve Proposals and other action items on the Agenda in consultation with the Panel or Vice Chair.

ACTION: Mr. Rendon moved and Ms. McBride seconded the approval to delegate authority to the Executive Director in event of loss of quorum.

Motion carried, 7 – 0.

VII. MOTION TO ADOPT CONSENT CALENDAR PROJECTS

Mr. Broad asked for a motion to adopt Consent Calendar Items #1 through #7.

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|---|-----------|
| Bay Alarm Company..... | \$156,000 |
| Burr Pilger Mayer, Inc. | \$211,900 |
| Fresno Surgery Center, LP dba Fresno Surgical Hospital..... | \$229,920 |
| Medway Plastics Corporation..... | \$160,560 |
| Simpson Strong-Tie Company Inc. | \$136,800 |
| Sunrise Medical (US) LLC..... | \$280,350 |
| Sysco Los Angeles, Inc. | \$255,600 |

ACTION Ms. Roberts moved and Ms. McBride seconded the approval of Consent Calendar Items #1 through #7.

Motion carried, 7 – 0.

VIII. REVIEW AND ACTIONS ON PROPOSALS

Single Employer Proposals

International Rectifier Corporation

Diana Torres, Regional Office Manager of San Diego Regional Office, presented a Proposal for International Rectifier Corporation (IRC) in the amount of \$402,886. Founded in 1947, IRC has manufactured and designed power management semiconductors since it first ventured in the production of Selenium rectifiers. This is IRC's fourth ETP Agreement and includes a 15% substantial contribution applied to Job #2. Funding was received in excess of \$250,000 within the last five years at the Temecula facility. Ms. Torres noted that there was an error on the memorandum; it should state the Temecula facility not El Segundo.

Ms. Torres introduced Rose Aebig, Director of Global Human Resources and Learning Development.

ACTION: Ms. Roberts moved and Ms. McBride seconded the approval of the Proposal for International Rectifier Corporation in the amount of \$402,886.

Motion carried, 7 – 0.

Karl Storz Endoscopy-America, Inc.

Ms. Torres presented a Proposal for Karl Storz Endoscopy-America, Inc. (Karl-Storz) in the amount of \$508,848. Karl Storz is a global manufacturer and distributor of endoscopes, medical instruments, and devices operating in over 40 countries. Karl Storz consist of manufacturing and research and development (R&D) entities in the United States and Europe, as well as distribution companies around the world. Ms. Torres noted an error on page 1 of 7. The proposal states that Karl Storz Endoscopy has Medical Skills Training in their curriculum, which they don't; they are an actual manufacturer not a healthcare facility.

Ms. Torres introduces Sken Huang, Corporate Controller.

ACTION: Ms. Roberts moved and Ms. McBride seconded the approval of the Proposal for Karl Storz Endoscopy-America, Inc. in the amount of \$508,848.

Motion carried, 7 – 0.

Meggitt (North Hollywood), Inc.

Ms. Torres presented a Proposal for Meggitt (North Hollywood), Inc. (Meggitt) in the amount of \$749,372. This proposal for Meggitt has been designated a Critical Proposal by the Governor's Office of Business and Economic Development (GO-Biz) based on Meggitt's planned business expansion and commitment to adding jobs in California.

Ms. Torres introduced Victoria Lewis, Human Resources Manager.

Ms. Roberts said, the cost per trainee seem a bit high. You don't have any advanced technology that I see in this proposal. Ms. Torres said, the proposal is in accordance to the rate of \$18 for the class lab. The continuous improvement is the bulk of the training. If you look on page 4 of 4, it's 90% of the training and the manufacturing skill is 5%.

Mr. Rodriguez said, they have 320 workers on the plant and over 200 will be training, is their training integrated to their ongoing training because their device is designed for the defense industry? Ms. Torres said yes.

Ms. Torres asked, for continuous improvement that's quite a bit of hours, can you address that? Ms. Lewis said, we have a new program that was implemented at Meggitt Corporate wide and worldwide called Meggitt Production Systems. It's a program that implements Lean initiatives into the organization. We hired a continuous improvement department and the program affects the whole organization. There is a daily layered accountability which all the employees are involved at different levels and it helps with the productivity within the organization. Companywide there are initiatives to train for continuous improvement starting next week. It does affect the organization companywide.

Ms. Roberts said, from a training perspective you get 10% of their hours per year just devoted to training for 250 individuals, it seems like a high amount. I would encourage you to keep an eye on your hours.

Gene Heardwood, Representative, United Auto Workers, Aerospace Agriculture Implement Workers of America (UAW) said, I just want to say the UAW fully supports this proposal. Most of you know the dynamics of aerospace industry is changing. The skill upgrades are off the charts and we need to keep our workers up to speed on their training skills.

ACTION: Mr. Rodriguez moved and Ms. McBride seconded the approval of the Proposal for Meggitt (Hollywood), Inc. in the amount of \$749,372.

Motion carried, 6 – 0.

(Mr. Rendon stepped away from the dais during voting.)

Woodward HRT, Inc.

Ms. Torres presented a Proposal for Woodward HRT, Inc. (Woodward HRT) in the amount of \$337,590. The Governor's Office of Business and Economic Development (Go-BIZ) has designated Woodward HRT as a "Critical Proposal". Woodward HRT is expanding production due to a significant increase in new product development and equipment. ETP funding will enable the Company to provide training for workers on this new equipment.

Ms. Torres introduced Art Martinez, Human Resource Manager.

ACTION: Ms. Roberts moved and Ms. McBride seconded the approval of the Proposal for Woodward HRT, Inc. in the amount of \$337,590.

Motion carried, 7 – 0.

A. Teichert & Son, Inc.

Willie Atkinson, Manager of the Sacramento Regional Office presented a Proposal for A. Teichert & Son, Inc. (Teichert) in the amount of \$329,076. Teichert is a construction company that builds infrastructure such as freeways, commercial and industrial site works, parks and airports.

Mr. Atkinson introduced Mark Ingram, Vice President of Strategic Services and Steve Duscha, Duscha Advisories.

Mr. Broad asked, are you at a level of employment that you were prior to the recession at this point? Mr. Ingram said, no. Mr. Broad said, the Panel packet indicates that you have 1,300 employees, how many employees did you have before? Mr. Ingram said we were in the neighborhood of roughly 4,000 employees. We were hit hard by the recession.

Mr. Rodriguez said, you mentioned the recession and increased competition; can you share briefly what was going on in the marketplace? In terms of the competition, are they local, out-of-state, or international? Mr. Ingram said, mostly local and non-union. For example, in our ready-mix division, in the private-sector, we compete with non-union. Mr. Rodriguez asked, is labor force coming locally for these companies or are they coming from different places? Mr. Ingram said, they're mostly regional; from the Northern California, farther down in the Valley, and Bay area competitors coming into our area. Mr. Rodriguez asked, is it expertise or is it price point in terms of competition? Mr. Ingram said, its price point, and from our perspective, it's an opportunity for us to develop the skills and the informational infrastructure to compete with the other organizations. Mr. Rodriguez said, thank you.

ACTION: Mr. Rodriguez moved and Ms. Fernandez seconded the approval of the proposal for A. Teichert & Son, Inc. in the amount of \$329,076.

Motion carried, 7 – 0.

ConAgra Foods, Inc.

Mr. Atkinson presented a Proposal for ConAgra Foods, Inc. (ConAgra) in the amount of \$304,000. This is the fourth ETP-funded Agreement with ConAgra; however, this is the first Agreement for the ConAgra facility in Visalia. The Visalia facility produces pretzels and snack mixes and will be the only participating location in this proposal.

Mr. Atkinson introduced Ed Desrosiers, Plant Manager and Mike Jester, Consultant.

Ms. Bell said, how will you find 40 individuals in Visalia, what is your recruiting strategy? Mr. Desrosiers said, primarily its applications through the temporary agency service, most of them are conversions from temporary to permanent positions. Out of the 160, 120 were temporary to permanent conversions. Ms. Bell said, so you do temporary to hire process; what is your probation period? Mr. Desrosiers said, yes; 90 days. Ms. Bell asked, upon 90 days, do they receive benefits? Mr. Desrosiers said, yes.

ACTION: Ms. Roberts moved and Ms. Bell seconded the approval of the proposal for ConAgra Foods, Inc. in the amount of \$304,000.

Motion carried, 7 – 0.

Diamond Foods, Inc.

Mr. Atkinson presented a Proposal for Diamond Foods, Inc. (Diamond Foods) in the amount of \$434,484. Diamond Foods produces premiums snack foods and culinary nut products. Diamond Foods products are distributed globally to stores where groceries, snacks and nuts are sold. This will be Diamond Foods' first ETP agreement and will only include the production facility located in Stockton.

Mr. Atkinson said that the current proposal does not contain a job creation component. However, Diamond Foods has a program where they actively recruit veterans and attend job fairs.

Mr. Atkinson introduced Torrey Harding, Directors of Operations and Angela Jones, Consultant TGII.

Mr. Harding said, I would like to elaborate on the veteran recruiting that we do. We hire our technicians through our "rind", which is a firm that takes our armed force veterans and sets up career fairs. There is some recruiting that takes place at the career fair with the local Air Force bases; we recruit from those bases as well.

Mr. Atkinson said, it was during the Panel preparation call when we found this out. The project analyst will connect with Diamond Foods and decide if they want to add a veteran's component job number to the Agreement. Mr. Broad asked, is that something that would change the economics of the proposal? Mr. Atkinson said, potentially. We will analyze that and see if we need to come back to the Panel for modification.

Mr. Rodriguez asked, what are the productive laboratory and its ratio in terms of seasonal job versus full time employment at the facility? Mr. Harding said, we normally run about 450-470 full time employees. We have about 300 seasonal employees between September and November, and we have a pool of seasonal employees that return every single year; they come and go at the end of each season.

Mr. Rodriguez asked, can you give us a brief overview of the productive lab? Mr. Harding said, we typically conduct classroom and floor training. Our ratio is normally 1 to 3. When we acquire new technology, equipment, and baggers, we have a trainer assisting two or three people in each shift.

ACTION: Mr. Rodriguez moved and Mr. Rendon seconded the approval of the proposal for Diamond Foods, Inc. in the amount of \$434,484.

Motion carried, 7 – 0.

Multiple Employer Contracts

California Labor Federation, AFL-CIO

Gregg Griffin, Manager of the North Hollywood Regional Office presented a Proposal for California Labor Federation, AFL-CIO (CalFED) in the amount of \$1,341,300. CalFED is an organization comprised of more than 1,200 AFL-CIO unions, with more than 2 million represented employees working in the manufacturing, retail, construction, hospitality, public sector, health care, entertainment, and transit industries.

Mr. Griffin introduced John Brauer, Executive Director of Workforce and Economic Development at California Labor Federation.

ACTION: Mr. Rendon moved and there was a second for approval of the Proposal for California Labor Federation, AFL-CIO in the amount of \$1,341,300.

Motion carried, 7 – 0.

California Manufacturing Technology Consulting

Mr. Griffin presented a Proposal for California Manufacturing Technology Consulting (CMTC) in the amount of \$1,199,745. This will be the 16th Agreement between ETP and CMTC. CMTC was established in 1992 as a private non-profit corporation, affiliated with the US Department of Commerce, National Institute of Standards and Technology, and Hollings Manufacturing Extension Partnership to assist small and medium-sized manufacturers in California to improve operational efficiencies and global competitiveness. Its mission is to create solutions for manufacturing growth and profitability supporting a thriving manufacturing sector in the State of California.

Mr. Griffin introduced Cheryl Slobodian, Representative and Jim Watson, President.

ACTION: Ms. Roberts moved and Ms. McBride seconded the approval of the proposal for California Manufacturing Technology Consulting in the amount of \$1,199,745.

Motion carried, 7 – 0.

Employers Group

Mr. Griffin presented a Proposal for Employers Group in the amount of \$535,788. This will be the tenth Agreement between ETP and Employers Group. The Employers Group is a non-profit trade association dedicated to Human Resources (HR) management.

Mr. Griffin introduced Jeffrey Hull, Senior Director.

ACTION: Ms. Roberts moved and Ms. McBride seconded the approval of the proposal for Employers Group in the amount of \$535,788.

Motion carried, 7 -0.

Glendale Community College Professional Development Center

Mr. Griffin presented a Proposal for Glendale Community College Professional Development Center (GCC) in the amount of \$826,270. This will be the 37th Agreement between ETP and GCC. GCC provides customized, job-specific training for business and workers through its Professional Development Center. GCC has trained more than 36,000 workers from 4,800 Southern California employers during its 30-year history of funding through ETP, of which 82% were for small business employers and 96% were for Panel-recognized priority industries.

Mr. Griffin introduced Kim Holland, Director.

ACTION: Ms. Roberts moved and Ms. Bell seconded the approval of the proposal for Glendale Community College Professional Development Center in the amount of \$826,270.

Motion carried, 7 – 0.

NTMA Training Centers of Southern California

Mr. Griffin presented a Proposal for NTMA Training Centers of Southern California (NTMA) in the amount of \$1,199,952. NTMA is the training arm of the machining industry in Southern California. NTMA is eligible for ETP funding as a private training agency and the core participating employers will qualify as manufacturers facing out-of-state competition. This core group of employers represents at least 80% of the requested funding. Approximately 90% of the proposed training will be delivered at NTMA's training facilities and the remaining 2% will be at employer worksites.

Mr. Griffin introduced Norma Meza, ETP Coordinator and Michael Kerwin, President, NTMA Training Centers.

Ms. Roberts said, your average cost per training seems high. Ms. Meza said the total number of hours in our program is actually 905 hours; ETP picks up the latter portion of 260 hours. Trainees have to attend the program and then they are placed.

ACTION: Ms. McBride moved and Mr. Rendon seconded the approval of the proposal for NTMA Training Centers of Southern California in the amount of \$1,199,952.

Motion carried, 7 – 0.

San Bernardino Community College District

Mr. Griffin presented a Proposal for San Bernardino Community College District (SBCCD) in the amount of \$949,962. This will be the fifth Agreement between ETP and SBCCD.

Mr. Griffin introduced Robert Levesque, Director of Workforce Development.

ACTION: Ms. Roberts moved and Mr. Rendon seconded the approval of the proposal for San Bernardino Community College District in the amount of \$949,962.

Motion carried, 7 – 0.

South Bay Workforce Investment Board

Mr. Griffin presented a Proposal for South Bay Workforce Investment Board (SBWIB) in the amount of \$199,050. SBWIB is requesting ETP funds to train and place unemployed Veterans who have served on active full-time duty in the Armed Forces and were honorably discharged and released from active duty because of a service-connected disability; and reservists who have served on active full-time duty and are still on reserve status. These trainees meet eligibility standards under the Panel Veterans Pilot Program.

Mr. Griffin introduced Cyd Spikes, Special Projects Development Manager, and Kelly Knox, Occupational Safety Councils of America.

ACTION: Mr. Rendon moved and Ms. Roberts seconded the approval of the proposal for South Bay Workforce Investment Board in the amount of \$199,050.

Motion carried, 7 – 0.

Workforce Development Corporation of Southeast Los Angeles County, Inc. dba Southeast Los Angeles County Workforce Investment Board

Mr. Griffin presented a Proposal for Workforce Development Corporation of Southeast Los Angeles County, Inc. dba Southeast Los Angeles County Workforce Investment Board (SELACO WIB) in the amount of \$949,522. SELACO WIB is a nonprofit organization formed pursuant to the federal workforce investment act of 1998, section 121(c). SELACO WIB's Business Service Unit provides services to an estimated 3,100 businesses mainly located in the Southeast Los Angeles and Orange County areas.

Mr. Griffin introduced Larry Lee, Business Services Manager, and Kay Ford, Fund Development Manager.

ACTION: Ms. Roberts moved and Ms. Bell seconded the approval of the proposal for Workforce Development Corporation of Southeast Los Angeles County, Inc. dba Southeast Los Angeles County Workforce Investment Board in the amount of \$949,522.

Motion carried, 7 – 0.

City and County of San Francisco

Creighton Chan, Manager of the Foster City Regional Office presented a Proposal for the City and County of San Francisco (City of SF) in the amount of \$514,476. City of SF is a joint powers entity governed by the city mayor and County Board of Supervisors. The City of SF's Office of Economic and Workforce Development (OEWD) operates Workforce Investment Act (WIA) programs in the city and county. This proposal will fund classroom/laboratory training at the CityBuild Academy, a program created by OEWD in partnership with the construction trade unions, the City College of San Francisco, the San Francisco Construction Trades Council, and community-based organizations.

Mr. Chan introduced Marc Majors, CityBuild Academy Manager, and Steve Duscha, Duscha Advisories.

ACTION Ms. Roberts moved and Ms. McBride seconded the approval of the proposal for the City and County of San Francisco in the amount of \$514,476.

Motion carried, 7 – 0.

Joint Apprenticeship and Training Committee of the Plumbing and Pipefitting Industry of San Mateo County

Mr. Chan presented a Proposal for Joint Apprenticeship and Training Committee of the Plumbing and Pipefitting Industry of San Mateo County (Plumbers JATC San Mateo) in the amount of \$386,124. For over 100 years, Plumbers JATC San Mateo has provided qualified workers to perform plumbing, pipefitting and HVAC (heating, ventilation and air-conditioning) services for employers throughout San Mateo County. This will be the first ETP Agreement for the Plumbers JATC San Mateo County.

Mr. Chan introduced Robert Kay, Training Director and Jan Borunda, Project Coordinator at California Labor Federation.

ACTION Ms. Roberts moved and Mr. Rodriguez seconded the approval of the proposal for Joint Apprenticeship and Training Committee of the Plumbing and Pipefitting Industry of San Mateo County in the amount of \$386,124.

Motion carried, 7 – 0.

Pipe Trades Joint Apprenticeship and Training Committee of Santa Clara and San Benito Counties

Mr. Chan presented a Proposal for Pipe Trades Joint Apprenticeship and Training Committee of Santa Clara and San Benito Counties in the amount of \$642,410. The Pipe Trades JATC Santa Clara opened the Lloyd E. Williams Pipe Trades Training Center in 1961.

Mr. Chan introduced Carl Cimini, Training Director, and Jan Borunda, California Labor Federation.

ACTION: Ms. Roberts moved and Mr. Rendon seconded the approval of the proposal for Pipe Trades Joint Apprenticeship and Training Committee of Santa Clara and San Benito Counties in the amount of \$642,410.

Motion carried, 7 – 0.

Butte-Glenn Community College District

Mr. Atkinson presented a Proposal for Butte-Glenn Community College District (Butte) in the amount of \$404,493. Butte, located in Oroville was founded in 1968. The institution is a two-year community college and is accredited by the Accrediting Commission for Community Junior-Colleges of the Western Association of Schools and Colleges.

Butte currently has an alternative funding under the drought program which was approved last month. Butte has incorporated the Feather River ET-15 0405 Agreement which was \$106,000. They no longer have a signatory so Butte acted as a host; that's where the collaboration from CITD came from. If you look at the prior performance, there is a 70% threshold. The way that we figured out the funding amount for Butte under this Agreement, we looked at their needs and the documentation they submitted to the analyst. The request supported the \$435,000, which was the original amount. We subtracted 7% to get the current funding amount because they were under that 70% threshold. If they hit the 70% they are allowed to come back and request whatever amount they can justify.

The \$404,000 does not include the \$106,000 from Feather River. Butte itself has shown a need for \$435,000. After we went to print, we spoke with the contractor and they are actually working with Victory Village out of Oroville which assists veterans in job placement. They're also working with the job placement on the campus. We will be meeting with them and see if we can incorporate.

Annie Rafferty, Director of Contract Education Training and Development said, thank you for having us. Ms. Rafferty introduced Linda Zorn, Executive Director, Butte College, and Bryan Boyer, Project Coordinator.

Mr. Broad asked, when are you planning to start the drought project? Ms. Rafferty said, we have a collaboration with CITD that have plans in place to demonstrate the activities for the training on the contract; those plans are already in place and moving forward with the classes.

Mr. Broad asked, has the class already started? Ms. Rafferty said, they are scheduled to begin in September. We have an existing relationship with Cal Water, Butte County, and other agencies that are heavily involved with our local companies that are facing drought challenges in the agriculture area. We have meetings to talk about those plans so that we can see how ETP can support those efforts, and I'm encouraged that we will complete that contract at a 100% with those opportunities.

Mr. Broad said, that's moving forward and are students enrolled? Ms. Rafferty said, yes. Mr. Broad said, I don't want to keep adding to the projects, and then they don't pan out. Let's talk about your past performance, what happened that you only earned 63%? Ms. Rafferty said we were on a path with all of our training delivery that would show we would have met performance. With the new modifications that the board has approved, lightening the hours required, we were on our path where we had 688 participants who received training of between eight and 23 hours on that contract. I'm confident working with the employers that we can meet the eight hour minimum, with some of those particular short-term trainings similar to what San Bernardino and Glendale had shared. We have very targeted programs that have short terms. The new minimum requirements that are included on the contract will prepare us to be able to achieve those numbers.

Mr. Broad asked, are students going to be enrolled all at the same time, or will they be spaced out over a course of a year? Ms. Rafferty said, each employer's training plan is going to be based on its own timeline. The 27 employers that are included in the application will be planning their training aligned with their delivery plans. There will be groups that will be moving forward; in total there are about 42 companies that we have targeted to outreach and to do the same type of comprehensive training plan with those organizations. Mr. Broad asked, how much of this \$400,000 is lined up for employers? Ms. Rafferty said, 100%. Mr. Broad asked, so you have all the employers lined up and committed now? Ms. Rafferty said, we have 27 companies that are included in the proposal that are interested in working with us to map out those plans and schedule the training.

Mr. Broad said, my inclination in a situation like this where there isn't very good previous performance is to right-size. I understand the rightsizing, but they were very generous. Given how we've right-sized other projects based on their previous performance, that's what we've typically done in the past if you've earned \$180,000 to \$200,000. I would like to see what the other Panel members think. What we've sort of said is, we will approve half, and then you can return and ask for a modification when you are ready and have earned the first half, so there's accountability. I'm inclined to go with that unless somebody gives me a really good argument.

Mr. Atkinson said, Butte originally asked for \$800,000 and it was substantiated with documentation; they submitted training plans and certification. So what we looked at was what they originally asked for, and substantiate \$100,000; then we had a conversation around half of that. We met several times and we cut it in half and right-sized the project. Mr. Broad said, so you rightsized half of their request, not based on their earnings from the previous performance. Mr. Atkinson said we looked at their earnings from their previous performance. Staff looked at their look at their previous performance as a starting point, then they submitted documentation to substantiate \$800,000 worth of training and then we right-sized that amount.

Mr. Broad said I'm concerned about their capacity to actually deliver the training on this project and the other project they've inherited from Feather River. There's a lot going on here. The drought project needs to be completed first, and then this second project needs to be completed as well. I'm inclined to approve half of this, and then have you come back for an amendment to get the other half when you have shown performance and have completed the drought project.

Ms. Roberts said, so you've hired Mr. Boyer to assist you since you've had a different type of infrastructure than you had before. Ms. Rafferty said, yes. We've experienced a great deal learning from our first contract. First, the infrastructure that it takes to support effectively and easily administer a contract with an employer; second, we were very conservative on our first contract. We partnered with eight organizations to learn the process and understand it. We had a good experience with those eight employers. This current contract reflects 27 companies that we had conversations with; we are in motion with those employers. So if we move forward with only half, that would mean we would have to back up some of those plans, and I'm concerned about the message that we would be sending out about our ability. Third, for a multiple employer contractor, we're having a great success. The experience and relationship with ETP has really been welcomed with our partnership, in the north state, and we are the only community college that has started down that route. On behalf of our partnership, I would also like to honor that as well.

Mr. Broad said, I'm sort of convince by this, but if you come back another time and you don't perform on this project, it's not going to be all that fun. In many circumstances with this situation, we would cut it in half and have you come back, but it creates a lot of discipline in the process. You've hired a new person, you're doing something different, you have more employers, and it's still pretty untested. I will back off with a stern warning. Ms. Rafferty said, that is well received.

Ms. Fernandez said I'm not currently comfortable funding the current amount. I would be more comfortable cutting the amount in half until they have shown performance. I'm not going to approve this otherwise.

Mr. Rodriguez asked, when did you hire Mr. Boyer? Mr. Boyer said, about a month ago. I have an extensive workforce development experience. Mr. Rodriguez asked, have you had time to assess prior systems and why it was unsuccessful previously? Mr. Boyer said, (inaudible) didn't have a lot of experience necessarily as much as I have working with employers and government contracts and grants. Mr. Rodriguez said, so it's just the lack of experience, and now they're going to play with the \$800,000? Mr. Boyer said, he mentioned

the minimum training hours requirement was 24 hours. There were many participants who received training less than 24 hours for which we can take credit for. Now that you've adjusted that, we are much more confident.

Mr. Rodriguez asked, was the modification submitted to staff? Mr. Atkinson said, that was submitted to staff prior to the change in policy where the large employer minimum hours were 24. ETP decided that there will not be a retroactive date for the 8 to 24 hours. That's why the modification did not move forward and was not approved. When we look at the performance on a two year contract, we look at the overall performance. We do not break it down into periods or segments. Under this Agreement, the first year was the learning curve. The majority of their training came into the second year after they figured out how ETP worked. If they would've had the learning curve earlier on, then they would have been over the 70%, so we took that as a factor. The majority of the training took place during the second year. It wasn't evenly distributed over the term of the agreement. They were figuring out the curve, and then once they figured it out in the second year, training progress on a fast motion.

Ms. Rafferty said, the learning curve was a representation of our partnered learning curve. There were some retirements and transitions that occurred with our analyst and our staff. At one point we waited for months for a response on certain actions that we wanted to take or didn't want to take and then learned later that we could have taken it. There were things that we were able to do and so during that first year we were conservative in our action because we may have been waiting for a response. There were some transitions that took place during the first year that impacted our performance.

Mr. Rodriguez asked, hypothetically, what's the downfall if we were to approve just half of the funding? Mr. Broad said, we're not reducing the amount of the contract, what we're saying is come back for the other half for an amendment. Ms. Rafferty said, I'm thinking about the timeline; how quickly that would be. If I made a commitment to an employer, how quickly are we able to fiscally make that addendum to honor those employers? The conversations that I have in place with the employers, how would that impact the flow of the scheduling of the training that we have with them, based on the ability internally with ETP to be able to make those adjustments and us coming back here before the Panel. I'm processing the timeline of what that would do to impact our existing conversations. Mr. Rodriguez said, it is an administrative process that you're going through in your head. There's a benefit to that, engaging your employers, and basically advising them that ETP has made the decision in terms of cooperation from your employers. Ms. Rafferty said, the employers can see that we're putting things on hold. That's what I'm mindful of when we would start because we have multiple employers all starting in different phases all at once. I would have to figure out who we would hold back. Mr. Rodriguez said, keep in mind you haven't started the contract on the drought project. Ms. Rafferty said, we received an approval last month and have started that project.

Mr. Broad said, it's up to the Panel to either make a motion to approve as proposed or modify.

ACTION: Ms. Roberts moved and Ms. McBride seconded the approval of the proposal for Butte-Glenn Community College District in the amount of \$404,493.

Motion carried, 4 – 2 – 1 (Ms. Bell and Ms. Fernandez opposed; Mr. Rodriguez abstained.)

California Tooling and Machining Apprenticeship Association.

Mr. Atkinson presented a Proposal for California Tooling and Machining Apprenticeship Association (CTMAA) in the amount of \$80,080. The CTMAA began operations 23 years ago as a chapter of the National Tooling & Machining Association. Seven years ago, CTMAA was formed as a stand-alone trade association, doing business in California as a non-profit corporation headquartered in Petaluma. Its primary function is to train in the next generation of machinists in California.

Mr. Atkinson introduced Mike Snead, Sierra Consulting and Dick Herman, Secretary of the Board of CTMAA.

ACTION: Ms. Roberts moved and Ms. Bell seconded the approval of the proposal for California Tooling and Machining Apprenticeship Association in the amount of \$80,080.

Motion carried, 7 – 0.

IX. Strategic Plan

Mario Maslac, Employment Training Panel, Planning and Research Manager

Mr. Maslac said, good morning Mr. Chairman and Panel members. I would like to provide you with a brief overview of the Fiscal Year 2015/16 Strategic Plan. First I would like to thank the members of the Planning and Research Unit who did an exemplary job of putting the plan together. They are Elisabeth Testa, Tiffany Woodruff, Brian Lytle, Alana Sanchez, Jeff Brooks, John Saunders, John Bohart, and our division chief, Tara Armstrong.

The Strategic Plan has been updated from last year with a few minor revisions. In addition to the ETP vision and mission statement, introduction, overviews and accomplishments, the Strategic Plan also includes an economic overview, details on ETP priority industries, workforce trends, strategic initiatives, strategic alliances, administrative strategies, and goals and objectives.

ETP's priority industries identified in the Strategic Plan are deemed most vital to the State's economic health and recovery. They are the focus of ETP's marketing efforts and the employers in these industries receive a higher training reimbursement rate. The priority industries identified in the Strategic Plan remain unchanged from the previous FY. They are agriculture, allied healthcare, biotechnology and life sciences, construction, green/clean technology, goods movement and transportation logistics, information technology services, manufacturing, multimedia/entertainment, and technical services.

The Strategic Plan includes information about workforce trends which includes the Workforce Innovation and Opportunity Act (WIOA), employer-based training and on-the-job training, training for special populations like retirees and older workers, veterans, drought victims, and

middle skill workers. The workforce trends section also focuses on sector strategies and partnerships. The plan also covers strategic initiatives including drought relief, healthcare, alternative renewable fuel and vehicle technology program, green technology, career technical education with the focus on manufacturing, allied healthcare, construction, apprenticeship training funded through sponsorship programs with the Joint Apprenticeship Training Committee (JATC) and other program sponsors, training veterans and serving small business.

ETP's strategic alliances include state and local Workforce Investment Boards (WIBS) coordinating with CalFed and State building, and construction trade councils to continue the apprenticeship training pilot program; supporting job creation and retention in concert with partners like Governor's Office of Business and Economic Development (GO-Biz) to develop critical proposals with an emphasis on creating new jobs; revitalizing High Unemployment Areas (HUA) with a focus on rural and agricultural areas such as the Central and Imperial Valleys and other marketing contracts.

Under the Administrative Strategies, this section includes information about the development of the new Employment Training Management System (ETMS), relocating the Central Office, and maximizing funds to ensure best use of ETP's resources. To maximize limited funding, ETP will continue to incrementally encumber training funds to cover the first year costs and mitigate liabilities for the second year; incentivize training for newly-hired employees, apply high earner reductions to repeat contractors, apply substantial contribution reductions, and adjust funding priorities and limitation including project funding caps. The funding caps are subject to revisions by ETP based on adjustments to projected revenue collection of the employment training tax, and other factors. The need for flexibility in setting Funding Caps is an aspect of strategic planning.

Regarding the project caps: single employer \$750,000; single employer small business \$50,000; Multiple Employer Contract (MEC) \$950,000; MECs with small business incentive \$1.2M; Apprenticeship Training per program sponsor \$450,000; Critical Proposals \$900,000. Other limitations: MECs support costs will default to the highest percent (8% for retrain and 12% for new hires) and must justify the need for support costs; MECs (retraining) must have demonstrated participating employer commitment to training; substantial contribution levels will default to the lowest percentage and the Panel has the flexibility to set levels higher on a case-by-case basis; employers earning more than \$2M in the last five years pay higher reduction (15%, 30%, 50%). Lowest priorities will include retraining for employees of training agencies, and all training in the adult entertainment industry.

The Strategic Plan has six goals:

1. *Enhancing the Visibility of the ETP Program.* The objectives are: partner with public and private sector, State and local economic and workforce development organizations, including GO-Biz, to identify projects that demonstrate a direct economic impact to the State; partner with public and private stakeholder to increase outreach and raise awareness about the ETP program; educate legislative members and staff on the availability of training funds for their constituencies; continue to work with the Labor and Workforce Development Agency on labor workforce objectives in alignments with the Governor's office.
2. *Target California's Key Industries.* The objective is to target program funds to ETP priority industries.

3. *Continue Support for Small Businesses.* The objectives are: improve outreach to small businesses through partnerships and develop new models for serving small business like *Small Business Incentive Caps in MECs.*
4. *Support Governor's Initiatives and Hard-to-see Populations.* The objectives are: continue to expand Veterans program; expand services to serving people with barriers to employment; continue targeting training projects in the Central Valley region, rural Northern California, Imperial Valley, and other HUAs; expand career opportunities for workers through support of pre-apprenticeship and apprenticeship programs; support worker returning to or remaining in the labor market; support workers and businesses impacted by the drought; continue to support green technology, training, and jobs.
5. *Enhance ETP's Impact on Job Creation and Retention.* The objective is to continue the Job Creation Pilot Program.
6. *Increase the Efficiency and Effectiveness of the ETP Program.* The objectives are: deploy ETP's new Data Management Information System to improve program efficiencies, and to ensure comprehensive, seamless data collection and reporting; continue ongoing, internal evaluation and assessment of program and contracting processes; continue to partner with the Labor and Workforce Development Agency to coordinate workforce services delivery; continue to maximize funding through the use of funding priority caps and allocations.

Mr. Maslac said, we recommend that the Panel approve the Fiscal Year 2015/16 Strategic Plan, with the direction to staff to incorporate any requested changes. Staff further recommends that the Panel delegate authority to the Executive Director for final approval, prior to submitting the Plan to the administration and legislature. Thank you for your time and I would be happy to answer any questions you may have.

Ms. Roberts asked, what happened to the administrative program that was in place a few years back? Mr. Maslac said, that has been renamed Employment Training Management System (ETMS). Ms. Roberts said, the priority industries identified in the Plan, are there any categories that are weighted more than the other, or are they weighted in the same bucket? Mr. Maslac said, right now they're all considered the same priority industries. Ms. Roberts said, it caused some hiccups over the last year. Do you have any strategies or strategic plan to staff through a bench program or some type of back field program? Mr. Maslac said, as you know it's hard for us to recruit new staff. We did fill five new positions during the past FY and those have been allocated to the field offices, so we should be seeing a faster turn-around rate in getting the projects out. Ms. Roberts said, in the past when retirees were coming up, that was the perfect storm, everybody was leaving all at the same time and you had a lot of vacancies. I just want to make sure that you look at your population and anticipate what is going on. Mr. Maslac said during the previous FY, we did get a Budget Change Proposal (BCP) approved and got five positions allocated.

Mr. Rodriguez asked, on the workforce side, how many total employees are at ETP? Mr. Maslac said, there are currently 90 employees. Mr. Rodriguez asked, are they all allocated for the field? Mr. Maslac said, I currently don't have that statistics.

Mr. Knox said in the regional offices, Ms. Torres has 8 and Mr. Griffin has 10. Mr. Chan is currently in the process of filling two positions; it's difficult to fill the job position in the Foster City and Los Angeles area because of the salary that the State pays. Mr. Atkinson has his full target number which is 6. Mr. Rodriguez said, so that's 28? Part of the strategic

planning, at least from my background is to understand where your client base is and then to begin the workforce analysis so that you are as close to your potential clients as possible to provide technical help and assistance which is one of our core missions.

Mr. Rodriguez asked, have we done an analysis in terms of the headquarter staff versus the people in the field? Is the balance and ratio correct in terms of the number of clients that come into the field offices, based on how many are going to be approved, the number of hours per client for assistance, number of conferences, etc.? Mr. Maslac said, I do believe with the five additional positions have been distributed through the field office, and in addition to that, we have five staff in the Applications and Assessment Unit (AAU), they determine eligibility of the applications, they are the first gatekeepers. The ratio of the staff working on getting the projects out is higher that it seems. I do believe that we are well staffed.

Mr. Knox said, this is really high in our mind right now. With the new system, ETMS, coming online by the end of this FY, one of the things we're looking at, is what is the function of each of the department units and the entities within the organization? Ms. McAloon and I will work with Mr. Mayall, Fiscal and Northern California District Manager and determine where the function will actually change with the new system coming online and what that will do with the staffing. New staffing obviously, but getting them closer to the customer is definitely one of our goals.

Mr. Rodriguez said, as an ETP board member I would like to see a deeper analysis, of the workload, workforce flow and number of proposals that are coming in from the field offices into the headquarters. I believe that's relatively important for the Panel. Mr. Broad said, we don't have the authority to structure the way the staff works. That is under the Executive Director's purview who is appointed by the Governor. Our job is to approve or disapprove the projects that are presented before us. We can request that information, talk about it, and make all the suggestions that we want, but we cannot change any of the staffing structure. Mr. Rodriguez said, let me clarify, what I'm saying is that part of any vibrant organization, part of any strategic plan, is work force analysis. This is what we do in the 21st century, and so I encourage you to move that direction if you can.

Chairman Broad asked for a motion to approve the Strategic Plan with the delegation of authority to the Executive Director for final approval, prior to submitting the Plan to the administration and legislature.

ACTION: Mr. Rodriguez moved and Ms. Roberts seconded the approval of the Fiscal Year 2015/16 Strategic Plan

Motion carried, 7 – 0.

X. Public Comments

Phillip Herrera, Consultant to ETP and GO-Biz

I handed out some flyers from California Life Science Association (CLSA); it's the merger between California Health Institute (CHI). This is actually good news report. I've been working with life science companies for the past few years, and will be working with them going forward. My experience is that both ETP and the Governor's economic development initiatives, which include California Competes, the sales and use tax exemption, and hiring credits are making a big difference for life sciences. As you look at the handout, there are some real eye-popping numbers. The number one state for biomedical venture capital investment is in California, which is 45%. The total number of direct and indirect jobs are 767,300; the wages are at \$100,000. Last but not least, when you look at the amount of taxes and revenue that the industry creates, it's significant. I want to thank the Panel for their good work and funding several life science companies today and hope that we can continue that in the future.

Mr. Broad asked, are the 767,300 jobs in California or across United States? Mr. Herrera said those are in California and the 270,300 are direct jobs from the CLSA members, full-time employees. Mr. Herrera said there is another section that pertains to the medical materials.

XI. MEETING ADJOURNMENT

Mr. Rendon moved and Ms. Roberts seconded meeting adjournment at 11:27am.