



**STATE OF CALIFORNIA  
EMPLOYMENT TRAINING PANEL MEETING**

California Environmental Protection Agency

1001 I Street

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

Sacramento, CA 95814

March 22, 2013

**PANEL MEMBERS**

Barry Broad  
Chair

Janice Roberts  
Vice-Chair

Gloria Bell  
Member

Carol Farris  
Member

Sonia Fernandez  
Member

Michael Hart  
Member

Edward Rendon  
Member

Sam Rodriguez  
Member

**Executive Staff**

Jill McAloon  
Acting Executive Director

Maureen Reilly  
General Counsel

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

Barry Broad called the meeting to order at 9:30 a.m.

**II. ROLL CALL**

Present

Gloria Bell  
Barry Broad  
Carol Farris  
Sonia Fernandez  
Michael Hart  
Edward Rendon  
Janice Roberts  
Sam Rodriguez

Executive Staff Present

Jill McAloon, Acting Executive Director  
Maureen Reilly, General Counsel

Chair Broad welcomed the newly appointment Panel member Gloria Bell and said she is the Safety Officer & Employee Relations Manager at Driscoll Strawberry Associates Inc.

**III. AGENDA**

Mr. Broad said there are some changes to be made to the Agenda. Tab #18, Santa Clarita Community College District, will be moved to Tab #2 on the Agenda and Tab #21, the California Labor Federation, will be moved to Tab #3; and Gerawan Farms, currently Tab #17, will be presented last.

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

Motion carried, 8 – 0.

**IV. MINUTES**

ACTION: Ms. Roberts moved and Mr. Hart seconded the motion that the Panel approve the Minutes from the January 25, 2013 meeting.

Motion carried, 8 – 0.

## V. REPORT OF THE EXECUTIVE DIRECTOR

Jill McAloon, Acting Executive Director, said today we have our standard mix of single and multiple employer projects. All of our regional managers are in attendance to present their projects. Maureen Reilly, General Counsel, will be presenting proposed revisions to the Apprenticeship Standard Guidelines and our Assistant Director, Peter Cooper, will be presenting Apprenticeship Partnerships.

Should the Panel approve all of the projects before it today it will have approved approximately \$48.8 million in projects, resulting in \$22.7 million in contracting capacity for the remainder of the Fiscal Year (FY) to be allocated between delegation order and core program projects. The Employment Training Fund (ETF) revenue estimates from the Employment Development Department (EDD) are trending upward, but it is likely we will have \$48.1 million for the FY. Due to the increased popularity of our small business program with many small projects being approved under our Special Employment Training (SET) program, and also due to the popularity of our new Apprenticeship Pilot, which is also funded by SET, we have a shortage of SET funds this year. Our SET is limited to 15% of our available training funds and that equates to approximately \$12.5 million this year. To date, the Panel has approved \$10.1 million, leaving about \$2.4 million for the remainder of the year. Due to the high demand of the apprenticeship training, we are currently not accepting any more pre-applications for funding an apprenticeship program in this FY.

ETP received a \$560,000 allocation of WIA Discretionary Funds from the Labor & Workforce Development Agency (LWDA). Those funds will be allocated for critical proposals that ETP develops in conjunction with GO-Biz and will be used for a healthcare job creation initiative. The initiative will target newly-hired nurses; allied healthcare professionals; and other occupations associated with business expansion employed by non-profit entities that would not typically be eligible for ETP funding.

ETP also received a \$3 million allocation under AB 118 through its partnership with the California Energy Commission (CEC). To better support this program on an ongoing basis, we worked with EDD in financing so that we could make funds available through the budget process next year; therefore, in FY 2013-14, that is how our funds will be allocated.

The Legislature is in session and there are a few bills that have a potential impact on ETP and those are referenced in the Legislative Update Memo before the Panel.

### SB 118 (Lieu) Unemployment Insurance: Education and Workforce Investment Systems.

This bill directs the California Workforce Investment Board (CWIB), along with its usual functions, to assist with the alignment of education and workforce investment systems to the needs of the 21<sup>st</sup> century workforce which includes promotion and development of an educated and skilled economy and workforce. The bill encourages state and local workforce investment boards to collaborate with public and private institutions including ETP to better align resources across workforce education and training service delivery systems.

### AB 114 (Salas) Proposition 39: Implementation. (The California Clean Energy Jobs Act)

Passed into law by voters in November 2012; it eliminates the ability of multi-state businesses to choose how their California taxable income will be determined resulting in some businesses paying more state taxes. It provides for a transfer of \$550 million annually from the General Fund to the Clean Energy Job Creation Fund for five fiscal years beginning with the 2013-14 FY. The funds will be available upon appropriation by the Legislature for funding projects that create jobs for improving energy efficiency, for expanding clean energy generation; and the bill provides allocation of some funds for job training and workforce development. Therefore, the role that ETP might play is not yet solidified, but I will keep the Panel posted.

#### AB 8 (Perea) and SB 11 (Pavley) Alternative Fuel and Vehicle Technologies: Funding Programs.

Existing law, until 2016, increases vehicle and vessel registration fees, fees for identification plates, and it imposes smog abatement fees. The revenue generated by those fees is deposited into the Alternative and Renewable Fuel and Vehicle Technology Fund, and to other funds. The bill extends the fees and the sunset date from 2016 to 2024, and that could extend ETP's funding under the AB 118 program, so that is positive for ETP.

Ms. McAloon said, regarding Unemployment Insurance (UI) reform, the administration and stakeholder groups are currently engaged in discussions that could lead to resolution of issues of underfunding in the UI system for CA which could then lead to possibly enhanced revenues for ETP, so we will keep the Panel informed of what occurs.

#### **VI. MOTION TO ADOPT CONSENT CALENDAR PROJECTS/ACTION**

Mr. Broad referenced the Consent Calendar, and said, regarding the fast-track proposals and the small business proposals, this is really a point I need to tell the consultant community, that with the fast-track proposals, it is not a right to have a proposal heard outside the Panel process in a fast-track situation in which it is assumed that it will be approved; it is a privilege. He said what he began to notice in reviewing them every month in consultation with the Acting Executive Director and staff, is that people are starting to slip in proposals that are not what I would call clean proposals. That is to say, they are putting forth proposals that are under the dollar threshold, just slightly under the threshold and in many instances by just under a \$1 dollar under the threshold, for consideration by the full Panel. There are situations where it is a repeat contractor and past performance was pretty abominable in a prior situation. You will find there are two projects today that will be considered by the full Panel; it does not mean they will not get approved, it means they will be subjected to a greater deal of scrutiny than in the fast-track process. I will continue to not approve them in the fast-track process and require them to be considered by the Panel because those projects that come through that fast-track process should be extremely clean.

In the fast-track process, we want them to be single-employer projects. I will not approve the multi-employer training projects in that process because they really are a different breed. They need to be heard by the full Panel, in that they are speculative; we are approving something on the theory that the multi-employer entity can actually find the employers that they are going to train. We don't know anything about the employers, they are saying here is something we want to take out there and if we can get somebody to agree to it, then we will train. I think that is something that should as a matter of practice be considered by the full Panel because I am not comfortable in a situation where I don't know anything about specific employees that are going

to be trained, or the specific company that is getting the training money, and it just does not feel right to me. So please do not submit any more multi-employer proposals through the delegation order process any longer; they will all be heard by the full Panel.

Ms. McAloon asked for a motion to adopt Consent Calendar Items #2 through #5.

BIOCOM Institute .....	\$269,200
Good Shepherd Ambulance LLC.....	\$202,488
Nichols Farms.....	\$294,300
Staples Incorporated .....	\$186,900

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of Consent Calendar Items #2 through #5.

Motion carried, 8 – 0.

Ms. McAloon asked for a motion to delegate in event of loss of quorum. Mr. Broad said it was unnecessary to take a motion to delegate in event of loss of quorum, as there was a full Panel present at the meeting. He said I believe we began making that motion when we had Panel vacancies, and in reality if we have a full Panel present as we do today, we really should not lose a quorum. Therefore, I do not believe we need that motion today.

## VII. DELEGATION ORDERS

Maureen Reilly, General Counsel, referred the Panel to Tabs A - D in the back of the packets while she summarized the Delegation Orders. She said between February and March, there were 18 proposals approved under this process at \$100,000 maximum, which is the Fast Track process; and 12 Small Businesses approved at \$50,000 or less. She said total funding was about \$1.7 million. She said staff will be presenting Mr. Broad with another Delegation Order scheduled for April 4.

## VIII. REVIEW AND ACTION ON PROPOSED REVISIONS OF APRENTICE PILOT GUIDELINES

Ms. Reilly referred the Panel to the Memo that was distributed on Revisions to the Apprenticeship Training Pilot Program and the two attachments: 1) Apprentice Pilot Guidelines revised in draft with strikeout-and-underline, and 2) Glossary of Terms. She said these materials are available to the public in attendance, on the table at the back of the room, and will be posted on the ETP website at the conclusion of this meeting.

By way of background, she said, ETP started the Apprenticeship Pilot roughly one year ago. In years past, the Panel had funded training for apprentices through the Joint Apprenticeship Training Committees (JATCs) but there was about a 10-year period when this funding was allowed to lapse.

Ms. Reilly said the current pilot program was started partly in recognition of the fact that a traditional source of government funding, the so-called Montoya Funds that flow through the

Department of Education, had been cut back somewhat severely and are proposed for further cut-backs in the pending State Budget Act. She said it also because the JATCs represent employers that are paying our Employment Training Tax (ETT). She said this way ETP is able to reach out and give these employers the benefit of the ETT dollars they are paying into our fund.

She said, the Apprenticeship Pilot that began in March 2012 has been very successful, and ETP Assistant Director Peter Cooper will be speaking at the conclusion of my remarks to provide an overview of where we have come so far. He will also be introducing some speakers. Then some speakers will explain more about how the employers meet and bargain with labor interests, entering a Collective Bargaining Agreement that includes the formation a Joint Apprenticeship Training Committee. The JATC usually consists of equal representatives from both management and labor. It is the JATC that becomes the sponsor of the Apprenticeship Program, in cooperation with the Division of Apprenticeship Standards (DAS). Ms. Reilly said management bargains through trade associations that can consist of hundreds of employers. These employers that are grouped together for purposes of bargaining become signatories to the Collective Bargaining Agreement. She said there are also apprenticeship programs that are sponsored by trade associations without collective bargaining, or Unilateral Apprenticeship Committees (UACs), that would also be eligible for ETP funding.

Ms. Reilly presented more background information about how the apprenticeship programs are funded through contributions by the employers into a training trust fund, with oversight by the JATC or UAC acting as the Board of Trustees. She noted that some apprenticeship programs vary in length, from two years up to twelve years, depending on the trade. There is on-the-job training along with classroom training that is called Related & Supplemental Instruction (RSI). She said the RSI is typically about 144 hours per year, and this is the part that may be funded by ETP.

Under the Apprenticeship Pilot, she said, the JATC or a UAC is the contract holder. This is a Multiple Employer Contract (MEC) model, used by ETP for other types of training programs. With other MECs, she said, staff routinely reviews the employers that are participating for various issues such as basic eligibility and Out-of-State Competition (OSC). However, with a JATC or UAC, staff has not done that type of review. It has just been presumed that the employers are eligible, and do not face OSC. She explained that, without this type of competition, the training must be funded under the Special Employment Training program which is capped each year at 15% of available training funds.

In the past, it was also presumed that apprentices in the construction trades did work that was geographic-centric. Such as, if you live in Fresno, you are not going to go out of state to hire a roofer. Another approach would be to recognize that much of the construction in California – such as a public works project or a large commercial or residential development – generates OSC from companies that are bidding for the work. She said California companies must also compete against businesses that bring in non-union workers from out-of-state, at cheaper labor rates.

Ms. Reilly said the gist of the proposed revisions is to recognize that the trade associations consist of hundreds of employers, and to give them the “benefit of the doubt” regarding OSC. As such, projects approved under the Apprenticeship Pilot Program would no longer be

restricted to the SET funding allocation. She said there is so much demand for apprenticeship funding that it is detracting from other industry sectors such as healthcare that also require SET funding.

Recognizing that the signatory employers and other grouped employers should be deemed to meet OSC for apprentice training, we are also proposing that they be considered as one group for journeyman and pre-apprentice training when funding is through a JATC or UAC. Currently, we fund those two types of trainees under two different job numbers, with different reimbursement rates: a small business in the construction trades, which is a priority industry, will be reimbursed at \$26.00 per hour; a standard-size business in the trades will be reimbursed at \$18.00 per hour. This does not apply to apprentices under the pilot program, because they have entirely an entirely different rate based on recognizing the Montoya funding. In the Pilot, we took the \$18.00 rate for a standard-size business and knocked off \$5.00 because that is historically how Montoya Funds are paid per-trainee.

Returning to the proposal that Small Business and standard-size businesses should be grouped, for signatory employers, we recommend using a blended reimbursement rate. Again, this would only apply to the journeymen and pre-apprentices. The blended rate would simply be striking a balance between \$18.00 and \$26.00. We are proposing a \$22.00 rate, which would also greatly simplify the administration of the program.

One other thing to keep in mind as far as apprentice on-the-job training, which is how they fulfill our retention requirement, is that they may be with several employers throughout their apprenticeship. They may be with several employers because they are placed when a project begins or ends, so it is difficult to track at our two key points in time: when they enroll and when they finish retention. This blended-rate approach will also simplify our determination of what reimbursement rate to use for progress payments at these two points in time.

The proposed revisions do not recommend a change in post-retention wage, which would remain at the Special Employment Training level as modified for the construction industry. This is a statewide wage, at around \$20.00 per hour in 2013. The apprentices do not have any difficulty making that post-retention wage, and of course their wages are all negotiated through collective bargaining.

If you want to turn to the Panel Memo at page 1, you will see that the two principal revisions. The request to change the way we handle OSC for the signatory employers would be for the entire current 2012/13 Fiscal Year, but the request to establish a blended rate would not begin until the 2013/14 Fiscal Year. These distinctions are made in part for administrative convenience, and in part for equity, because we are working with existing contracts in the current Fiscal Year. On page 2 you will see a narrative explanation of why we suggest these two principal revisions.

At the bottom of page three, you will see some more explanation about why we are proposing a blended reimbursement rate. On page 4, you will see an explanation of outcomes, by which funding the Apprenticeship Training Pilot as non-SET will allow the Panel to continue reaching the healthcare industry sector, and many Small Businesses.

Ms. Reilly said staff was also recommending a series of small changes that are set forth in the ~~strikeout-and-underline~~ text which is one of the attachments in your packets. The other attachment is a table regarding the statutory and regulatory basis of the Apprenticeship Training Pilot. Ms. Reilly proceeded to highlight the other revisions, with reference to the material in the Panel Packets. She observed that the Panel could, at any time, come back and revisit all apprenticeship issues, at its discretion.

Ms. Reilly said there is a Recommendation from staff to approve the proposed revisions. She said the Panel could consider it now, or can wait until they hear from the stakeholders. Mr. Broad said why don't we wait to hear from Mr. Peter Cooper and Ms. Diane Ravnik; and then anyone else in the public who wants to comment, whether they are for or against this or have any suggested modifications. Mr. Rodriguez said there may also be some questions from the Panel.

## **IX. PRESENTATION ON APPRENTICESHIP PARTNERSHIPS**

Peter Cooper, Assistant Director, said there is much demand for the Apprenticeship Program, and it is really one of the premier training programs that fit very well with ETP's intent and with the Panel. He proceeded to give you a summary of the current status of funding and demand as well as partnerships, before introducing the individuals that are here to testify.

He said, to date the Apprenticeship Pilot has resulted in contracts valued at \$9.5 million, a significant demand. This is a total of 30 contracts with 37 individual JATCs or UACs. This training will reach some 6,000 trainees in various parts of the construction sector.

Mr. Broad asked for the meaning of UACs. Mr. Cooper said that stands for Unilateral Apprenticeship Committees, non-union. He said most of the demand has been from the electricians but we have also had significant contracts with the plumbers, sheet metal, laborers, construction, brick layers and ironworkers, and some others. He said staff is in the middle of developing a funding application for machine tooling apprenticeships that will likely come before the Panel in April; also for automotive repair apprenticeships that will likely come in September. He said staff is trying to expand this apprenticeship model beyond the construction trades.

As far as partnerships, he said ETP continues to work with a number of stakeholders and consultants. He recognized the State Building Construction Trades Council and the California Labor Federation, which have both worked very closely with ETP in developing the Apprenticeship Training Pilot. He said their input was helpful in adapting ETP processes to the apprenticeship model and "what that really looks like on the ground." He also recognized the assistance received from the Division of Apprenticeship Standards or DAS.

In closing, Mr. Cooper mentioned that apprenticeship training is a real interest of the Labor & Workforce Development Agency as well as the Governor's office. He noted that ETP was very involved in presenting a "whitepaper" on this issue. It was produced by stakeholders and an Interagency Working Group that included LWDA, ETP, DAS, the California Workforce Investment Board, the state Department of Education. He said the whitepaper was being used by the Governor's office as background material, as they address a number of new issues around apprenticeship and funding in the state budget. He then introduced DAS Chief Diane Ravnik, and urged other stakeholders to speak briefly after her.



Diane Ravnik thanked the Panel for the opportunity to speak and for the action it took a year ago in initiating the Apprenticeship Pilot. She emphasized that ETP funding has had a tremendous impact on the apprenticeship community. She noted that apprenticeship is now, and has always been, primarily industry-funded. The very small amount of public or other financing that apprenticeship programs received over the years is primarily - as Ms. Reilly mentioned earlier - a small allocation of educational funding referred to as Montoya Funds for the necessary classroom instruction component of apprenticeship.

She said all apprenticeship programs have two components: on-the-job training supervised by the employees on staff, and classroom instruction. As Ms. Reilly also mentioned, she said, these educational funds have been severely cut just in the last five years, close to by half, as allocated both to the local community colleges and the adult education system.

So said the ETP funding was especially timely because construction is now starting to pick up in California and around the rest of the country, and this relates a little bit to this question of facing OSC. Not surprisingly, California is a little in the forefront in terms of initiating some of these larger infrastructure projects and making the commitment to public construction, so that will undoubtedly stimulate competition from other states from construction employers that have been hurting these last several years. For example, she said, construction companies in California expect a great deal of OSC for High Speed Rail. That will be a huge project and there will be bidders around the country.

As mentioned, she said, our programs are structured largely through the Joint Labor Committees with employer associations that are very large including national associations such as the National Electrical Contractor's Association (NECA) or SMACNA. She said all employers, large and small, make a tremendous commitment to their employees in the tens of thousands of dollars every year in constructing the apprenticeship training centers, also in hiring and employing their instruction staff. She said, given that Ms. Reilly gave a very extensive orientation on this, and Mr. Cooper did as well, she would now let others speak, but would be available to you for any questions you may have.

In closing, she also commended the Panel again for an extremely important byproduct of the Apprenticeship Pilot which is leveraging state funding and resources both large workforce development agencies. The ETP, CWIB, and the DAS, have over the years been operating in their own realms and it is so much more cost-effective for us all to be coordinating and utilizing resources together for these high-quality training programs that benefit California workers.

Panel member Sam Rodriguez thanked Ms. Ravnik, and agreed that the state has limited training funds although construction is now picking up. "As you know, we have a lot of workers, union worker trade unionists on the list right? Not yet employed but about to be deployed. We have a lot of good local programs that are funded by workforce investment, ETP and sometimes locally by foundations where essentially they recruit high school students to pursue a career in construction." But, he had an overall concern is, as to whether there was a danger that companies or trade unionists from out-of-state could come to California and occupy some of the new jobs given superior skills. He noted that a lot of industry leaders are saying that many of our pre-apprenticeship talent is not yet up to par. Anecdotally, he said, he had heard that when

apprenticeship programs give the entrance exam some 80% of the kids have not passed – such as for the pipefitters and other construction program.

He said Ms. Ravnik raised an excellent point on this idea of coordination, and leveraging of resources, because while the ETP funding has been largely focused on full apprenticeship training programs -- the Panel was also looking to expand the pre-apprenticeship programs in cooperation and collaboration with local Workforce Investment Boards. He said “there is often a gap, because apprenticeships are sought after but they require some basic level of math, and additional preparation beyond high school instruction. He also thought pre-apprenticeship training, maybe six-to-eight weeks long, would impress upon kids the discipline that is necessary to go through often a four-or-five year apprenticeship program. It would expose them to the particular nature of construction work that is different from other kinds of work. They are not with the same employer for a year at a time, or it may be several months at a time, so you need to know you are moving around. And, it is primarily outdoor work. There are many things that are unique to construction employment that pre-apprentices need to know, then they are better equipped to enter the program, and they are willing to make the commitment. He also commented on the need to recognize the employers’ commitment to training apprentices, by providing a strong candidate pool.

Mr. Rodriguez also said that, even though there has been a construction downturn in the last few years, the employers make a commitment for what we call reasonably continuous employment. Now, he said, there is a backlog of apprentice candidates on the waiting lists, they are ready to go to work, and our programs are now able to take in larger classes every year and to put them to work. So we have the local resources here, and I would anticipate that they are ready to take the jobs over any out-of- state workers. Mr. Rodriguez thanked Ms. Ravnik.

The next speaker was John Brauer, Director of Workforce and Economic Development for the California Labor Federation and also a member of the State WIB. He thanked the Panel and staff for starting the Apprenticeship Training Pilot last year; and also for working with his organization to incorporate some suggested changes. “A couple of things, one along with our brothers and sisters in the building trades who were able to access this program, along with our signatory employers, I wanted to just let you know from our perspective this Pilot was actually under-funded.” He said the demand is larger than the amount of money that was originally dedicated, and he expected a high level of demand to continue. “One important piece to remember is in the building trades, the average age is currently 47-48, so we have a large number of folks who are nearing retirement in the future.” He said ETP and its “are at the leadership of this, in terms of alignment and having accountability system relative to training and placement.” His organization is working with affiliates in manufacturing, machining manufacturing, healthcare, retail, and others on the topic of apprenticeship programs. “For example, they recently met with Ms. Ravnik’s staff in trying to create a retail apprenticeship program with Unite Here and with UFCW, so I think there is a real movement around earn-and-learn beyond just the construction trades.”

He said a big hurdle for many folks is obtaining the high school diploma needed to get into a craft such as carpenters, laborers or electricians. “I think you will see that the skill required ultimately for our journeyman workers - whether it is in construction, manufacturing or elsewhere - is at a very high technical level.” He commended use of AB 118 funding for training in advanced lighting control and other new skills driven by climate change and the upgrading in the

building code. He observed that many of the trade associations include small businesses, so the Panel would also be meeting their needs.

Mr. Rodriguez thanked the speakers and said, as a Panel member, he would always entertain the most creative ideas that will integrate pre-apprenticeship programs starting in middle school. He thought the Apprenticeship Training Pilot was a good foundation, but said he was open to other creative ideas that the workforce community brings forward. Mr. Brauer replied that he thought California was re-awakening to the notion that we really need a comprehensive vocational education system; we need a way for kids to figure out their vocational calling other than those that know they want to go to college.”

Panel member Gloria Bell asked Mr. Brauer to clarify a remark that 47-48 was the average age of their workforce. Mr. Brauer said yes, that is the average age in construction. He said those are the folks that are getting ready to retire, that have put in almost 25 years of their life working in the building trades.

The next speaker was Steve Duscha, with Duscha Advisories. He said: “I represent a number of JATCs but I am speaking for myself today. Ms. Reilly and staff have done a good job of putting a good proposal together and I urge you to support it. I think it reflects ETP changing with the changing economy. First of all, it recognizes that construction is really not just a lot of little businesses; it is dominated by a smaller number of big businesses that are competing as was stated, all around the country and all around the world.”

He presented some of his research on two large trades, both with several hundred signatory employers. In one, 40% of the work hours were with just ten employers; in the other 33%, all of the work hours were again with ten employers. So there is a solid basis for deeming them to meet OSC. The other thing that this change does in reaction to the changing economy, from when OSC was made a funding factor for ETP some 20 years ago. Now, he said, it is not just construction that is funded under SET, but also healthcare. “So what is being proposed today takes construction out of competition with healthcare for the 15% funding allocation, and that is a good thing.”

The next speaker was Dennis Morin, Director of the Sacramento Area Electrical JATC, which is an apprenticeship program in the Sacramento area that serves 14 surrounding counties. He said he wanted to speak in favor of the proposal. “The wheel is starting to turn in the construction world. We think it is on the upswing, which is good news.” He said the bad news is that OSC has also grown. “I recently searched the Web on the top electrical contractors in the nation, and the number one electrical contractor in the nation is located in Norwalk, Connecticut. They come to California and bid against our local contractors and take some of those jobs away.” He said this was also true from one of the top ten companies that are located in Houston, and bidding on jobs in Los Angeles.

“So I want to certainly speak in favor of the motion, and if you are not aware of apprenticeship programs, that 72% of the jobs, mid-level high road jobs in the state do not require college degrees and yet many of our kids are being sent in that direction. In fact, the apprenticeship programs are learn while you learn and a combination of hands-on and classroom training. Usually it is free to the apprentices that go into it, and they are paid for the work they do on the job; it is supervised on-the-job training as they work alongside a journey- level worker.”

In almost all cases, he said, apprenticeships are a multiple-year investment in learning that leads to a middle class career. He noted that apprenticeship programs must now include green skills, based on standards from DAS. "Green is the new black as I tell everyone, and as we learn the modern concepts of energy efficiency and applying them to lighting controls and solar power, which in fact is 41% of the electrical use in California, and our folks are learning how to reduce that consumption." He spoke to the social benefits of apprenticeship, in that it strengthens the local tax base. "Apprenticeships provide pathways out of poverty, provide living wages for apprentices; and the average age is 27, so they are not necessarily recent high school graduates. Many are people who are looking for careers in establishing families, and involvement in the local communities." He said that apprenticeships also provide employers with profitability, they decrease turnover, increase safety, and reduce worker compensation claims because people are taught correctly. He said that apprenticeships for the most part are very self-supporting. "About 90% of programs are funded by non-taxpayer dollars, by our employers; 10% are funded by Montoya but many of the apprenticeship programs are not receiving any of these funds."

He again thanked ETP and the Panel members, for starting the Pilot and approving his JATC for funding. "We know that you have saved some of the apprenticeship programs and helped them continue running. I speak strongly in continuing that support, and hopefully expanding."

Mr. Broad asked how the apprenticeship sponsors were targeting or reaching out to returning Veterans. Mr. Morin said they reach out in several different ways. One is with their partnership with the Community College Chancellor's Office with pre-apprenticeship programs for returning veterans. "We also provide advanced placement for veterans, particularly those with electrical experience." Mr. Broad said that is good to know, "because this is America's longest war." He said, "I hope we are doing everything we can do to get returning veterans into good solid jobs given what they sacrifice for the rest of us."

Chris Walker, from the California Association of Sheet Metal Air Conditioning Contractors, also spoke in support of the recommended changes. He said that his association has had to ramp-up training for construction throughout California, and they face OSC. He said they are experiencing attrition in their current workforce and the average age of their employees is late forties. For apprentices, he said the average is late twenties. "Twenty five years ago, most apprentices were 19 years old, and this is a cultural problem." He said Mr. Rodriguez touched on it, in speaking about the dismantlement of career technical education or vocational education in middle schools and high schools. "We are working hard as an organization to change education policy, but we are up against a point-of-view in our current culture that college is the only way to success. I think it is going to be a while before we turn that around, it makes these types of programs that much more important."

He spoke to one of the items raised by Mr. Duscha, in the "flex category issue" that Montoya funding has suffered under. He said it is important to see adult education as a primary career path, not a secondary path. Panel member Janice Roberts agreed.

The next speaker was Jon Fowkes, with the Automotive Repair Trades and Machinists Apprenticeship Program. He said he was there to address a non-traditional type of

apprenticeship program. “You have heard of the construction trades, and what you have done is wonderful in terms of helping with that. I want to address the manufacturing primarily.

“Twenty to thirty years ago the Machinists Union dropped their apprenticeship program. They have had the automotive apprenticeship program for over 60-63 years. The reason they dropped it was primarily for demand. Recently, one of the organizations we represent that support the infrastructure of the State said that their average age of hire, not of employment, was 46 years old for a machinist. We are not developing machinists today, the responsibility is falling on the community colleges, and it is great they are doing that. The problem that we have as an apprenticeship program, to utilize those community colleges, is that if you were not in the system in 2009 with RSI funding or Montoya funding, you either cannot or are unwilling to go after those funds. Our apprenticeship program has modeled around the fact that those funds have been available so the employers are conditioned, they contribute a lot to the organization but they are also assuming in that contribution that there has been and will continue to be assistance with this schooling the training. We found that to expand our program, we can't do that with the community colleges; we don't have the funding available relative to the industry and we do not have the funding from the State because those community colleges that were not involved with RSI funding are not willing to continue or go after those. What I have found in talking with community colleges, is to come up with other sources of revenue for them to train our apprentices other than RSI funds, if they would be willing to participate as an LAA local educational agency with our program, and categorically they say yes; they are very much interested, they want to participate, but they are unwilling to do it as only utilizing RSI funds. So this got me thinking about ETP and how to go about being creative in terms of trying to create these opportunities for our youth to better them. So we looked at ETP funding and realized there is the opportunity we have to take those funds and augment the RSI funds, and in many cases replace them because they are not available, so I am excited about this opportunity because we are able to, the OSC for manufacturing is huge. We in CA tend to design things incredibly well and then outsource them to manufacture. I don't think there is an issue with job availability, as much as there is an issue with the skills gap to fill those jobs and that is why they are being outsourced. We are not training our youth to give them the opportunity to fill those jobs. The community colleges are doing a fabulous job of that and what we want to do is partner with them, so what ETP is doing relative to improving and increasing your interest in apprenticeships, please continue it, I think it is wonderful; I commend you and thank you for it.

Debra Chaplan, with the State Building and Construction Trades Council, said she was asked to think about if there is any OSC for construction, and when she was first asked that question, she thought what a silly question you have to do construction here, right? How could there be OSC? Then when I started talking to our union affiliates, I learned that in fact, there is no work on the retrofit of refineries that is done by CA workers, so that is several crafts; boiler makers, laborers, UA, electricians, iron workers, that are not getting millions of man hours of work, and they know, they have the newspapers to prove that the outreach; when a refinery wants to do the work, they go to Oklahoma primarily and also Texas to recruit the workers and bring them to CA. We know that the best thing about apprenticeship is that it is a direct lead to a job that is what is so good about apprenticeship. It is not just training and hopefully down the line a job will come along you will be trained for, the problem when there is a bust as there has been in the past four years, is that the apprenticeship programs have really contracted and now as things are starting to build up again and we are seeing more work happening, the apprenticeship programs are struggling to keep up and that is a perfect opportunity for OSC to come in, because if they don't

have the work for us available in CA, it will be found elsewhere. This program has really been a benefit over the course of the bust, it was hard for them to get retention hours because there was no work being done, but they were ultimately able to with your flexibility, to get our members to earn those retention hours over a longer period of time, and apprentices are often the first ones to get the jobs because they require a certain number of apprentices to every journeyman on a job. So it is a really important program for our JATCs and we really appreciate that you are doing it.

Mr. Rodriguez asked her to share with the Panel the policy, if you are finding in Kern County, and they contract and have to hire all autonomic workers, and instead of hiring a CA resident, if they hire workers from Houston, Texas, what is the policy in the building and trades community? Ms. Chaplan said it is actually now steelworkers that are doing what OCAW used to do, that was her first union, they are not the ones that do the retrofits, so it is the construction workers that come in and do that, the steelworkers do the running of the refinery, so it's our workers that instead of being brought in for this six-or-eight weeks, turn it around and make the refinery good for the next year, they bring in other people, so it's not impacting the ongoing workers of the steelworkers, it is impacting the sort of contingent workforce of construction people. Mr. Rodriguez asked if a company can hire a unionized steelworker from Texas to work in Kern County when we have unionized steelworkers here in CA to be employed. Ms. Chaplan said I don't know about how the steelworker contract works, but we have a process called "travelers" and we say once you have your journeyman card you can work anywhere in the country, so that is always a possibility but they are not paid any differently, they are usually on the second book, they have all the work they can get done by the first book which is the CA workers in the local unions. Once they have used up those workers, then they can go to the second book and get the travelers. Mr. Rodriguez said, but they are Texas residents. Ms. Chaplan said they could be Texas residents, yes; that is possible.

Chris McCullough, Unit Policy Alignment and Outreach of the California Community Colleges, said she thought the most important issue before the Panel in the proposed Pilot revisions is to explain that apprenticeships are in fact threatened by OSC. She related to an initiative that was recently passed, for energy retrofits in public schools and colleges of about \$550 million per year. "Those jobs are Public Works jobs and as such, we would expect to see many Californians working on them. However, in the same way that honey attracts bears or bees, when you have that kind of investment in the State, whether it is High Speed Rail or energy retrofits, it is going to attract many out-of-state bidders."

She told the Panel: "What you have been doing for apprenticeship has been really important because, as you have heard continuously, Montoya Funds have been flexed and cut." She said her agency was responsible for delivering instruction in about half of the apprenticeship programs statewide. "In 2009 apprenticeship funding in California was cut 50% that translated into four apprentices in terms of hours." She said, apprentices must have anywhere from 108 to 144 classroom hours a year and Montoya funds a very small amount, at \$5.00 per hour. Even so, she said, in 2009 the community colleges delivered 3.2 million hours and as soon as Montoya funds were cut that meant 1.6 million were hours essentially defunded for a range of apprentices and programs.

She said, also because of downturns in the economy, apprenticeship programs were "limping along" but this began to change with the ETP Pilot. "When you stepped in, it was at a critical

point. Apprenticeship education is like a jewel in the crown for our community colleges; it is the highest level of training we do and it is invaluable.” But without Montoya funding, even though there is tremendous employer participation, she said that ETP should be recognized for taking the lead in bringing an infusion of money into a training program that provides an incredible workforce for California.

“I have been privileged to sit on a committee with Diane Ravnik, Peter Cooper, Labor Agency and CWIB; and to work the California Labor Federation; and what you have done is probably capable of turning the economy in California. By keeping apprenticeship alive and continuing to invest in it, and to protect it against OSC, we are prepared to help the construction sector - which is always a leading and trailing indicator – and that will bring up the rest of the economy.” She noted that during the downturn, the state lost many journeymen and apprentices from its workforce pipeline.

She spoke to the Veteran question, saying the colleges just had 34 veterans complete a program partnership with the utility industry, for job placement in the trades. The graduates are making \$80,000 to \$120,000 working in the utility industry. She said this program “transformed their lives through an eight-week program in pre-apprenticeship.” However, she said, there were 400 applicants for those 34 slots.

She said the apprenticeship community, unlike any other organized workforce training group in California, has a Helmets to Hardhats feature that is a commitment to placing Veterans in good jobs. “So your investment in apprenticeship is recognized, appreciated, and is critical to the recovery of the construction industry and most importantly, the recognition that there is a lot of OSC.”

Panel member Sonia Fernandez spoke: “Having worked for an apprenticeship program for three and a half years, I think this Pilot is a perfect fit for what ETP strives to do. That is, to create opportunities for our businesses in California. She noted that apprenticeship programs have a detailed Curriculum that goes through an approval process with DAS, so it is very well established. Additionally, as a Veteran herself, she was aware that most apprenticeship programs have an established process, with the ability to draw on GI Bill benefits. “This makes it much more attractive for a Veteran to go into a vocational trade that really fits into what they have done in the military, translating leadership skills into many other opportunities and jobs.”

Mr. Ravnik observed that the participation of veterans is a very high priority of DAS and the California Apprenticeship Council, working with the Interagency Council on Veterans. She said a number of programs, including Helmets to Hardhats, are across-the-board in the building trades. “I wanted to give a special nod to the United Association of Plumbers and Pipefitters who runs a fantastic program out of Camp Pendleton, Veterans In Piping, and what is unique about that is it begins before they are actually discharged, as kind of a pre-apprenticeship.” She added that many apprenticeship programs offer things like direct entry or priority for Veterans in their application procedures. “This is a very high goal for DAS, and we are delighted to join in that effort.”

Mr. Rodriguez asked if she believed that employers realize hiring of a Veteran - or the formerly incarcerated - would offer them a 100% payroll tax benefit, both at the state and federal level. Ms. Ravnik said when they sit down with new apprentices, they make sure that they know about

the Veterans' benefits, but did not meet with employers on the subject of payroll tax. Mr. Rodriguez said the tax benefit for hiring formerly incarcerated had passed both at the state and federal level, as a scaling rate, but for the first two years it is a 100% payroll tax credit. Ms. Ravnik said DAS would inquire more into that feature.

The next speaker was Bill Hodges, representing the International Association of Heat and Frost Insulators and Allied Workers Local No. 16. He introduced himself as a Veteran, and said his program offers direct entry for any Veterans through Helmets to Hardhats. "I think it is a great program, and anyone who can put on a helmet can definitely wear a hardhat for me." He referred to a question about hiring in California refineries. He said his association covers five refineries in the Bay Area, and struggles in finding skilled workers for maintenance. "We tend to get new work; but we call this our Texas connection with non-union workers." He said, "there is a real problem with non-union; our biggest competitors, almost always from out-of-state."

Mr. Broad asked if there were any further discussion on this topic by the Panel. There was no further discussion. He said the Panel was prepared to entertain a motion.

**ACTION:** Ms. Fernandez moved and Mr. Rodriguez seconded approval of the proposed revisions to the Apprenticeship Pilot Guidelines.

Motion carried, 8 – 0.

## **REVIEW AND ACTION ON PROPOSALS**

Mr. Broad said Tab #1, a Critical Proposal for Los Robles Regional Medical Center, would be presented first. Then taken out of order, Tab #18, Santa Clarita Community College District, would be presented second and Tab #21, the California Labor Federation, AFL-CIO, would be presented third.

### **Critical Proposal**

#### **Los Robles Regional Medical Center**

Mr. Aguilar presented a Critical Proposal for Los Robles Regional Medical Center (Los Robles Medical), in the amount of \$439,500. Los Robles Medical offers a full array of medical services including a 24-hour emergency department/level II trauma center; medical ICU/surgical ICU/CCU; maternity; neonatal intensive care unit; medical and surgical department; comprehensive cancer center; heart and cardiovascular center; same-day surgery; transitional care unit; and rehab center.

Mr. Aguilar introduced Lee Abramo, Director of Education, Research & Clinical Practice and Claire Hawse, CPA representing SC&H Group, LLC.

Mr. Broad asked Ms. Abramo to address what they have done since their last proposal to their training program so that they will earn more of the money this time around. Ms. Abramo said the last contract which was approved by the Panel I believe in 2008, was requested by their Chief Nursing Officer at the time and the goal was to grow their Definitive Observation Unit (DOU). Their economy changed a bit, the need for the DOU was diminished, so that plan did



not go as they had anticipated. They were able to renegotiate and to train full-time RNs but they did not accomplish the full contract, they accomplished about half of that. Since that time, we have new leadership at the hospital, a new CNO, whose vision is to not only grow this new graduate, what we call an internship, but make it into more of a residency so that it is extended beyond what they now have. The program is about eight-to-nine weeks with a possibility of going up to twelve weeks in the event that someone is struggling and may need more education or training. The other thing that has occurred is that they now have a very robust education department. At the time of the original contract she was the educator and she now has three full-time RN educators. One for critical care; one for the DOU and surgical unit; and one for the medical/surgical units in addition to herself. So the other issue and why we believe that we would benefit from this contract, is that they have included other healthcare providers besides nurses. We would be including the training and retraining of respiratory therapists, radiology technologists, phlebotomists, and anyone that has a clinical designation at the hospital.

Ms. Roberts asked if SC&H Group was familiar with the administration of ETP programs. Ms. Hawse said yes, they are familiar with the administration and she has some experience in CA working on the training proposal also. Ms. Roberts asked if SC&H Group administered the contract where they earned only 30%. Ms. Hawse said no, they did not.

**ACTION:** Ms. Roberts moved and Mr. Rendon seconded approval of the Critical Proposal for Los Robles Medical in the amount of \$439,500.

Motion carried, 8 – 0.

### **Santa Clarita Community College District (presented out-of-order)**

Mr. Aguilar presented a Proposal for Santa Clarita Community College District (Santa Clarita CCD), in the amount of \$401,835. Santa Clarita CCD includes a contract education, Employee Training Institute (ETI), which customizes training and education programs for employers. ETI is also part of the district's economic development division whose main goal is to support economic and community growth in the region. Santa Clarita CCD uses trainers with expertise in particular subject matter (e.g. CNC programming). ETI works closely with participating employers in an effort to tailor courses to meet the training needs of their workforce.

Mr. Aguilar introduced Pete Bellas, Dean of Economic Development and John Milburn, Director of Employee Training Institute.

There were no questions from the Panel.

**ACTION:** Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for Santa Clarita CCD in the amount of \$401,835.

Motion carried, 8 – 0.

### **California Labor Federation, AFL-CIO (presented out-of-order)**

Mr. Aguilar presented an AB 118 Proposal for California Labor Federation, AFL-CIO (CalFed), in the amount of \$999,768. Cal Fed is an organization comprised of more than 1,200 AFL-CIO

unions, representing 2.1 million members in manufacturing, retail, construction, hospitality, public sector, health care, entertainment, transit, and other industries.

Mr. Aguilar introduced John Brauer, Director of Workforce and Economic Development and Jan Borunda, Project Coordinator of Workforce and Economic Development.

Mr. Broad asked about the union letters for Sacramento RT, which has a third amalgamated transit local and the IBW that they need to get letters from. Ms. Borunda said actually, they have received both of those letters. Mr. Broad said the letters were not included in the Panel Packet so the Panel was not aware that the letters were received.

Ms. Roberts asked if these workers include the people that are the operators of the vehicles and not only the maintenance workers or the mechanics. Ms. Borunda said yes, it includes both. Ms. Roberts asked if AB 118 covers the operators also. Mr. Brauer said it does, and as in your application, it gives the ability of different folks within the transit system to talk the same language and the ability to deal with problems and issues, maintenance, and upkeep or repairs is enhanced through that training. Ms. Roberts said if she was to buy a Tesla, she would not necessarily need to be trained in green energy in order to drive one, which is why she didn't realize that operators would fall into that. Ms. Borunda said it is a very small number. Ms. Roberts said they have 149 operators. Ms. Borunda said that is correct, but in order for them to operate the vehicle properly, they have to be upgraded in the skills with new technology too. Mr. Broad said in a way who can be trained here is also vetted by another agency, so I don't know the answer to that question, but my guess is that maybe if you are driving a CNG bus, maybe there is an interaction between the mechanics and the driver as to the performance of the vehicle. Every commercial driver, when you check out a commercial vehicle whether it is a truck or bus, you are required to do a pre-trip inspection of the vehicle. The driver actually has to test it to know its mechanical system, so his guess is it fits within AB 118, but in a way that we have to defer to the CEC. Ms. Roberts said yes, that is why I asked because for some reason when I read AB 118 when it first came out, I thought it was just the people that were actually working on the equipment versus actually the drivers of the equipment. In her company they have many CNG vehicles, but they never train any of their drivers driving their trucks, they only train the mechanics behind it. Mr. Aguilar said in this proposal, the occupations in the curriculum were reviewed and approved by the CEC.

**ACTION:** Mr. Hart moved and Ms. Farris seconded approval of the AB 118 Proposal for CalFed in the amount of \$999,768.

Motion carried, 8 – 0.

### **Single Employer Proposals**

#### **ABCO Technology, Inc.**

Mr. Aguilar presented a Proposal for ABCO Technology, Inc. (ABCO) in the amount of \$30,240. ABCO is a vocational school specializing in computer training. It provides basic and advanced training certification courses in Information Technology (IT), networking, databases, web development, and programming for all types of occupations and businesses including manufacturing, aerospace, healthcare, banking, and high technology.

Mr. Aguilar introduced Charles Pascal.

Ms. Roberts apologized for Mr. Pascal for having to attend the meeting, but said we are holding people accountable for non-performance under the fast-track proposals as Mr. Broad mentioned earlier. Ms. Roberts said even though this proposal amount is low at \$30,240, we were trying to set a precedence with performance. I would encourage you to come back for more monies, because if you already have everything lined up, it looks like you are going to perform very well, so I appreciate you coming in today and hope you will do well on the contract. Mr. Broad said the Panel appreciates his comments and said we want you to earn this money, we really do; and we encourage you to come back after you have earned it.

**ACTION:** Mr. Broad moved and Mr. Rendon seconded approval of the Proposal for ABCO in the amount of \$30,240.

Motion carried, 8 – 0.

Mr. Broad said that for many years, he was the Acting Chair and Ms. Roberts was the Acting Vice Chair. He said the Governor officially appointed him as the Chair of the Panel; however, we have neglected to elect Ms. Roberts the actual Vice Chair. He said he believes it is appropriate that she is elected to this position and asked the Panel for any other nominations of Vice Chair. There were no other nominations by the Panel for the Vice Chair position and Mr. Broad announced then that Ms. Roberts is officially in the position of Vice Chair.

### **AHMC Greater El Monte Community Hospital LP, dba Greater El Monte Community Hospital**

Mr. Aguilar, Manager of the North Hollywood Regional Office, presented a Proposal for AHMC Greater El Monte Community Hospital LP, dba Greater El Monte Community Hospital (AHMC Greater El Monte) in the amount of \$324,640. AHMC Greater El Monte is a full care acute hospital accredited by the Joint Commission on Accreditation of Healthcare Organizations. The hospital provides obstetric care, general surgery, diagnostic services, critical care services, cardiology services, vascular services, emergency care, medical/surgical services, pediatric services, and adult sub-acute care services.

Mr. Aguilar introduced Eric Ragadio, Director of Nursing, Informatics and Education.

Mr. Broad said this is a very solid proposal, with a prior proposal of 100% completion rate, they are not requesting any waivers, and they have done very well.

**ACTION:** Mr. Rendon moved and Ms. Roberts seconded approval of the Proposal for AHMC Greater El Monte in the amount of \$324,640.

Motion carried, 8 – 0.

### **Amgen Inc.**

Mr. Aguilar presented a Proposal for Amgen Inc. (Amgen) in the amount of \$458,000. Amgen discovers, manufactures and delivers human therapeutics. Amgen concentrates on innovating

novel medicines based on advances in large molecules (cellular molecular biology) and small molecules (e.g. pills).

Mr. Aguilar introduced James Taylor, Executive Director of Learning & Development.

Mr. Broad said, it states in our materials that you were named one of the top twenty corporations for creation of cancer vaccines; I didn't know there was such a thing as a cancer vaccine. Mr. Taylor said actually there is a number of different drugs that we have out that are attacking cancer pretty dramatically now. Mr. Broad asked, as a vaccine though? Mr. Taylor said nearly all of their drugs are biologics. Mr. Broad said right, I understand that. Mr. Taylor said that is the major part of their client on the biologic side. Mr. Broad said right, but don't they treat people that already have developed a disease? Mr. Taylor said yes, that have cancer already. Mr. Broad said so really it is not a vaccine in the sense that you generally give people a vaccine such as Polio, and then they never get Polio. Mr. Taylor said right, there is nothing that we can give you that will keep you from getting cancer, but there has been some very interesting things lately around protecting, especially with the white blood cells, and those are things that can be done again and again.

Mr. Broad said this is their first ETP proposal, and their competitor Genentech, has been before the Panel several times. Ms. Roberts asked why Amgen has not been before the Panel in the past, considering Amgen has been around for a long time. Mr. Taylor said for the most part, they didn't have to think about getting funds from other sources as they handled it on their own. As things have gotten tougher, they are at a place now where they are supposed to train everyone, and there is not enough money to train everyone anymore, so they must find new ways to get money for training especially in CA, because that is the bulk of their staff.

Mr. Rodriguez said they have been growing in the last twenty years and noted they have a Seattle location. Mr. Taylor said yes, they have plants in Seattle, Puerto Rico, Ireland and are currently building a plant in Singapore, so they have to grow the footprint so that they can be competitive. Mr. Rodriguez said but in growing the footprint you are not a "D" company, you do not sell what is in your footprint. Mr. Taylor said they sell globally. Mr. Broad said they make the drugs, so they are more than R&D's. Mr. Taylor said they make the drugs, and get government approval globally, in terms of what they do and how they market their products. Mr. Rodriguez said right, and the doctors prescribe. Mr. Taylor said that is correct. Mr. Rodriguez asked if the information provided was accurate, about them having 6,445 employees in CA that are Amgen employees. Mr. Taylor said yes, that does not include sales reps, but it is really looking at their headquarters in Thousand Oaks and South San Francisco, so those are the two larger sites and they are both primarily focused on R&D, but there are sales representatives also throughout the state. Mr. Rodriguez asked if they are part of the Southern CA Biotechnology Consortia that also benefits from training. Mr. Taylor said none that they have ever done and that literally they did not go after those funds. Mr. Rodriguez asked if it is likely they will be a repeat customer to maintain the CA workforce. Mr. Taylor said yes.

Mr. Hart asked if they plan to do their training in-house. Mr. Taylor said yes, they typically do almost all of it in-house, it is just how they fund it, which is the question today. It doesn't impact our executive and manager training because we know we have to figure out a way to make sure that continues, but at the same time, it is the staff level training that we are primarily focused on, and we have to find new ways to do it. So we are using many different technologies, but at the

same time, we still have to do some things. We actually are there and present with staff, explaining what it is we are trying to do, and how we are getting it done.

**ACTION:** Ms. Roberts moved and Mr. Hart seconded approval of the Proposal for Amgen in the amount of \$458,000.

Motion carried, 8 – 0.

### **Golden State Foods Corp.**

Mr. Aguilar presented a Proposal for Golden State Foods Corp. (GSF) in the amount of \$243,000. GSF processes and distributes liquid and meat food products, baked goods, and produce to more than 20,000 quick-service eateries from 20 distribution centers across the country. It is a primary supplier to McDonald's nationwide with beef patties, buns, condiments, and toppings. GSF is also a supplier and formula holder for Heinz, Hardee's, KFC, Pizza Hut, T.G.I.F., Applebee's, Zaxby's, Arby's, Church's Chicken, Papa John's Pizza, Cinnabon, Bon Appetit, Mom'en, Sweedy Foods, Smiles' Grill, Roastery's, Euro Deli, Taco Bell, and Del Taco.

Mr. Aguilar introduced Amber Masri, Safety and Training Manager.

Mr. Broad said it looks like you are on track to earn 100% of your money from the last proposal. Ms. Masri said yes, I believe that should end this week. Ms. Roberts asked if they are entering all the information now, because our materials state you have earned 42% so far. Ms. Masri said they have an outside company that is inputting the information, and by the end of what they have currently, it should be 100%, it is just the retention period. Ms. Roberts said but you have no administration services listed, but you are hiring a third-party then? Ms. Masri said for the previous contract they had administration services but not in this current proposal. Ms. Roberts said they had 265 employees in the first proposal and 270 in this proposal. She asked if they are from different locations. Ms. Masri said it is all in the City of Industry in manufacturing, none of the other facilities are included; however, they have 413 associates, so that was based on the calculation that perhaps not all the associates would help in meeting the 24 hours. Ms. Roberts asked so are these different? You said newer employees would be trained under this contract versus the old one, the 265 are not going to be the same 265 in this one, right? Ms. Masri said no, this geared toward job movement, moving for example from the cup room to the ketchup room. Ms. Roberts said, so this is for different skills.

**ACTION:** Ms. Fernandez moved and Mr. Rendon seconded approval of the Proposal for GSF in the amount of \$243,000.

Motion carried, 8 – 0.

### **Olympia Health Care, LLC dba Olympia Medical Center**

Mr. Aguilar presented a Proposal for Olympia Health Care, LLC dba Olympia Medical Center (Olympia) in the amount of \$334,355. Olympia is acute care hospital with a licensed bed capacity of 204. The hospital's services include comprehensive inpatient and outpatient programs; wound care; general surgical; a 24-hour emergency care center with 16 beds; complete on-site laboratory; and radiology. The hospital's specialty programs include digestive disease institute; geriatric health; wound management and hyperbaric; spine care & research;

memory institute; reflections; rehabilitation; sports medicine institute; continent ostomy; and hyperhydrosis.

Mr. Aguilar introduced Karen Knueven, Chief Nursing Officer.

Ms. Roberts asked why the SC is 15% since this is their third proposal, especially with no job creation included, and asked why it was not increased to a 30% SC. Mr. Aguilar said this was the first incidence of a repeat when they earned over \$250,000. He said the Panel typically assesses a 15% for the first time over \$250,000. Ms. Roberts said if you consider their first two contract amounts, they total over \$250,000, so she was unsure why it was not increased to 30%. Mr. Broad said I believe what Mr. Aguilar is saying, is that it has been our custom to apply a 15% SC the first time they are eligible for SC, but we can make it higher. He said if you would like to make a motion that includes making it higher then you can, but they have to agree to it because they may not want to do it, and if not, they can withdraw that part of the proposal if there are not the votes for it. Mr. Aguilar said one of the other proposals was an alternative funded program which does not apply to the SC. Ms. Roberts said that was what she needed to know, that is why she asked about a job creation component; and said a 15% SC is fine then. She said the first one actually was job creation or some alternative funding stream, and asked if it could be highlighted in the future so that it was easier for the Panel to recognize in the Panel Packet.

**ACTION:** Mr. Rendon moved and Ms. Fernandez seconded approval of the Proposal for Olympia in the amount of \$334,355.

Motion carried, 8 – 0.

### **Quinn Group, Inc.**

Mr. Aguilar presented a Proposal for Quinn Group, Inc. (Quinn) in the amount of \$349,400. Quinn is an authorized facility for Caterpillar and Kent products, and Stanley LaBounty hydraulic attachments, and provides construction equipment and machinery to commercial businesses and the U.S. government. Its inventory includes asphalt, paving and concrete equipment, compaction equipment, crawler loaders, dozers, excavators, motor graders, pipe layers, scrapers, and wheel loaders. In addition, Quinn prepares equipment appraisals, provides financing and leasing and insurance, and handles transportation/hauling.

Mr. Aguilar introduced Cody DeCamp, Director of Human Resources.

Mr. Broad asked how many of the 30 trainees in Job No. 3 are getting waivers. Mr. DeCamp said yes it would be less than 30. Mr. Broad asked if the post-retention wage would at least be \$14.69 afterward. Mr. DeCamp said yes it would.

**ACTION:** Ms. Roberts moved and Mr. Rendon seconded approval of the Proposal for Quinn in the amount of \$349,400.

Motion carried, 8 – 0.

### **ENVIRON International Corporation**

Diana Torres, Manager of the San Diego Regional Office, presented a Proposal for ENVIRON International Corporation (ENVIRON) in the amount of \$86,496. ENVIRON is an environmental

consulting services company. Its consulting services include air quality management, applied epidemiology, building technology, climate change and energy management, compliance assistance, corporate responsibility, green remediation, ecology and sediment management, environmental health and safety, energy and environmental technology, environmental impact assessment and planning, exposure reconstruction, industrial safety, integrated industrial wastewater management, and merger and acquisition due diligence services.

Ms. Torres introduced Carol Serlin, Principal.

Mr. Broad said it sounds like you are doing what you need to do, and we need to ensure that everyone is committed to it, that the human resources director is going to make sure that all of the subordinate people are on task and completing the training and dedicated to making it happen, so I am satisfied.

Mr. Rodriguez asked where the West Coast human resources director is located. Ms. Serlin said they are located in Emeryville.

**ACTION:** Ms. Roberts moved and Mr. Hart seconded approval of the Proposal for ENVIRON in the amount of \$86,496.

Motion carried, 8 – 0.

### **Integrated Energy Technologies, Inc. dba Doncasters GCE Integrated Energy Technologies, Inc.**

Ms. Torres presented a Proposal for Integrated Energy Technologies, Inc. dba Doncasters GCE Integrated Energy Technologies, Inc. (Doncasters) in the amount of \$439,200. Doncasters manufactures industrial gas turbine combustor components (e.g. liners, end caps, aft frames, and flow sleeves) as well as aerospace structures and specialized support assemblies. Doncasters also provides manufacturing services in tooling, kirksite die casting, vacuum furnace heat treatment, and multi-axis laser processing. In addition, they provide inspection and project management services of engine ready parts.

Ms. Torres introduced Maria Moncada, Human Resources Manager.

Mr. Broad asked about the wage waiver range. Ms. Torres said the wage waiver is for Los Angeles County, it is currently at \$16 for the Long Beach facility and will be reduced to \$12. Mr. Rodriguez asked about Chula Vista. Ms. Torres said Chula Vista remains the same in San Diego County at \$15.45 and said the wage waiver is only for the 20 trainees in Long Beach. Mr. Broad said so those people doing the same job in San Diego earn \$15.45 per hour, or is it a different job? He asked which individuals will be included under the waiver and asked what their occupation is. Ms. Moncada said they are grinders and welders. Ms. Torres asked if there were any grinders and welders in San Diego and if they earn more or less than those in Long Beach. Ms. Moncada said the longevity of the workforce in Chula Vista is higher and they have been around for twenty plus years and those in Long Beach are recently starting with only one to two years experience.

Mr. Broad said I am not inclined to agree to a wage waiver for these individuals, I think you can either pay those people more or pay for that training out of your own funds because some of

those are skilled positions and there is a big difference in their earnings, so I don't support that wage waiver. Mr. Rodriguez asked what the Long Beach employees are currently earning. Ms. Moncada said they earn a base pay of \$10 per hour not including the benefits, and the benefits are 24.5% on top of that. Mr. Broad said I am not prepared to vote for that, and Ms. Fernandez said she was not prepared to vote in support of it either. Mr. Guzman said apparently there are only approximately 20 in Los Angeles County where they are asking for the waiver in Job No. 1, and Job No. 2 is a job creation, so the Panel allows them down to the new-hire wage so that is only Job No. 1. Mr. Broad said I understand, I am questioning the wage waiver in Los Angeles County for those 20 people, I'm not inclined to support that, which means that they just train them on their own nickel. Mr. Rodriguez asked, after the training, what is the plan of the company to increase their wages. Ms. Moncada said beyond the revision of doing that at this point, I just started working for them in September, and with the assessment of the wages, and there is some discrepancy, so I am finalizing those projects and many of the people that have received adjustments will earn \$13.

Mr. Broad said he was prepared to move this proposal without granting the wage modification.

**ACTION:** Mr. Broad moved and Mr. Rendon seconded approval of the Proposal for Doncasters in the amount of \$439,200, with the understanding that the request for the wage waiver in Los Angeles County in Job No. 1 is denied.

Motion carried, 8 – 0.

### **LQR Property LLC dba La Quinta Resort & Club and PGA West**

Ms. Torres presented a Proposal for LQR Property LLC dba La Quinta Resort & Club and PGA West (La Quinta) in the amount of \$563,000. La Quinta is a full-service resort located at the foot of the Santa Rosa Mountains in Riverside County in the town of La Quinta. The combined properties of La Quinta Resort & Club and PGA West include a 796-room resort and conference center, nine golf courses, 23 tennis courts, a 23,000 square-foot spa, 41 swimming pools, and seven restaurants. La Quinta provides luxury accommodations, resort golf courses, and convention/conference resources to corporate businesses and upscale worldwide leisure travelers.

Ms. Torres introduced Timothy Laferriere, Principal and Danyse Jensen, Director of Human Resources.

Mr. Broad asked about mandatory service charges. He wanted to be sure that when you are including them in the wage that all the mandatory service charges go to the workers that are receiving the training, because if it is a tip, then the person for who the tip is left is in control of the money. If it is a mandatory service charge, the employer legally can move the money essentially around its employed personnel. We cannot have a situation where they are meeting the minimum wage requirement using a service charge, which the people getting trained are not actually receiving. Ms. Jensen said that is a great point, and said they are certainly cognizant of that and the industry standard for the banquet servers and the minimum wage individuals. They actually earn \$30,000 to \$60,000 per year and it is not a discretionary, which is in contrast to the service charges. Ms. Roberts asked why it says they earn \$8.00 per hour if they are earning \$30,000 to \$60,000. Mr. Laferriere said the service charges equate to that amount; because the service charge is mandatory and we distribute such a high percentage of the service charge



directly to the employees, it is actually segregated in financial statements which is required by accounting rules, so it is very detailed-out to show what are the service charges actually going to the employee; they really equate to that amount, it is millions of dollars a year in service charges.

Mr. Broad said it is really hard to understand why you need the waiver. I can understand using the service charge to meet the minimum wage because it is mandatory; if it is a regular tip, you can't count a tip. Ms. Torres said, but the mandatory service charge is not consistent. Mr. Broad asked why it is not consistent; if these are banquet room personnel and they work in a situation where every time they work there is a mandatory service charge and they receive that mandatory service charge, then actually for every hour worked, they receive significantly more. In other words, you can't do this with a wait staff in a restaurant because the tips can fluctuate. Ms. Torres asked if there is a fluctuation in a mandatory service charge as there is in tips. Ms. Jensen said it fluctuates based on what the revenue is that comes in, so there will be days that are slower or they have fewer groups that are participating, and they will be earning a lower wage that day. Mr. Broad asked if they actually need this wage waiver, or every day, if they actually earn more than the ETP minimum wage. Ms. Torres said the \$11.02 includes individuals that are not under the category that receives the mandatory service charge. Mr. Broad said I understand, the idea is that I want to be careful with contractors requesting wage waivers. I'm beginning to feel like we get requests for wage waivers often; and we should not be giving a wage waiver to those that actually earn enough money. Ms. Torres said no, I understand that and agree with you; I wanted to point out that the individuals in the proposal, not all of them get the mandatory service charge. Mr. Broad said I understand that, however; the waiver should be for the people that need it, for whom you need it to qualify for the training not for the people that do not need it because it doesn't make sense to give a waiver to someone who earns enough money.

Ms. Roberts asked if there are only 30 people that do not earn it, because you stated that 189 actually do earn it out of a total of 219. Ms. Torres said that is two different things; the 189 are the individuals that do receive it, which is a separate issue from the individuals that need the wage waiver.

Mr. Broad said the reason I am making this point is that we do not want to discover one day that somebody who was earning \$12 per hour suddenly is earning \$10 per hour, after we do the training; that is why the waiver needs to reflect reality. Ms. Torres said and that is why they have to report to us in the second table in the ETP 130, what these people actually earn. She said you are correct, not everyone needs the waiver, but administratively the way this is structured, and this is the way we encompass the whole plan to present to the Panel. In the past, the Panel requested more detail of who actually is earning less than others, and that is the detail that is provided here.

Mr. Broad said, but what we said here is we are using the banquet staff who get these mandatory tips, and they get them, so do they get enough that they need the waiver? Ms. Torres said those people theoretically probably do not need the waiver, but other people that do not get the mandatory service charges, do need the waiver and those are the ones it will apply to only. Mr. Broad said that is what I want to make clear, that it is only applying to those that need it, because if this banquet staff always earns more then there is no reason to do this.

Mr. Rodriguez said the ETP 130 does not reflect that, Ms. Fernandez agreed it did not, and so did Mr. Broad. He said the statement in the ETP 130 is a little confusing because we have multiple complex ways that people are being paid. It is much easier to understand someone who is earning \$14 per hour and there is not a mandatory service charge, which doesn't appear here. It is one of those things, any time you get into something that is different from an hourly wage, it raises more questions. I don't believe there is an issue here. Ms. Torres said there are different layers of wage issues. Mr. Broad said, so I think if we approve this, we want to make it approved contingent that the waiver is for people that need the waiver; that is to say that the wages they actually receive are in fact less than the ETP minimum wage. Ms. Torres said right, and I believe the piece of information that is missing from this one that was not missing from the prior proposal, was quantifying exactly how many people did meet it, because in the previous proposal it was 20 people that did not meet it, everyone else was fine, so how many people will not meet the standard ETP minimum wage, so therefore we are asking for them for the HUA wage. Mr. Broad said for this particular group of workers, I want you to look at the structure and make sure that they are all earning \$30,000 a year doing this job. Ms. Torres said, actually, I misspoke; it is 43 individuals that do not meet the wage. Mr. Broad asked how many of the 43 is banquet servers. Mr. Laferriere said none of the 43 individuals are banquet servers. Ms. Torres said I apologize, those were two completely different things; there were individuals that in order to meet the ETP standard wage, use these mandatory service charges, that is one subject. Mr. Broad said and that is what wasn't clear, whether they were included. Ms. Torres said, and then there is the other group of 43 individuals that don't have anything to do with those people, that need the HUA waiver. Mr. Rodriguez asked for the actual number of individuals that are eligible for the wage modification. Ms. Torres said 43 individuals are eligible.

**ACTION:** Mr. Rodriguez moved and Ms. Roberts seconded approval of the Proposal for La Quinta in the amount of \$563,000.

Motion carried, 8 – 0.

### **Applied Materials, Inc.**

Creighton Chan, Manager of the Foster City Regional Office, presented a Proposal for Applied Materials, Inc. (Applied) in the amount of \$440,000. Applied builds nano-manufacturing equipment, machines, and tools for the global semiconductor, flat panel display, and clean energy manufacturing industries. "Nanomanufacturing" is the production of ultra-small structures, including the engineering of thin films on substrates. Customers include manufacturers of semiconductor wafers and chips, flat panel displays, solar photovoltaic cells and modules, and manufacturers of lithium-ion cell batteries.

Mr. Chan introduced Ajey Joshi, Distinguished Member of Technical Staff.

Mr. Rodriguez asked for the timeline of hiring the 100 new hires. Mr. Joshi said they plan to hire 100 people over the duration of the next 18 months. Basically, as they get into newer growth areas we staff them in two ways. One is through acquisition of new talent, so creating new jobs and positions and also training existing workers to take up and advance their skills through additional training. Mr. Rodriguez asked what occupations are in demand of their new hires. Mr. Joshi said occupations in demand include IT professionals, process engineers, process technicians, and people who work on our equipment daily, those are the kind of proficiencies we are looking at. Mr. Rodriguez asked if the 100 will be trained in Austin, Texas or in Sunnyvale

and Santa Clara. Mr. Joshi said they have a major facility in Santa Clara and only some of the training happens in Texas, but the large majority of training will occur in Santa Clara.

**ACTION:** Ms. Roberts moved and Mr. Rodriguez seconded approval of the Proposal for Applied in the amount of \$440,000.

Motion carried, 8 – 0.

## **Central Garden & Pet Company**

Rosa Hernandez, Manager of the Sacramento Regional Office, presented a Proposal for Central Garden & Pet Company (CG&P) in the amount of \$599,400. CG&P was founded as an innovator, marketer and producer of leading brand products for lawn and garden and pet supplies. Its customers include large, national and international retailers (e.g. Home Depot, Lowes, Walmart, PetSmart, Petco, OSH, and Ace) as well as independent specialty retailers, third-party distributors, private organizations (golf courses, universities), and governmental agencies or contractors.

Ms. Hernandez introduced Kristy Hengler, Director, Training & Development.

Ms. Roberts asked how they plan to manage all of the training at the seven locations. Ms. Hengler said they have HR managers located at each of those CA facilities, a regional HR manager that covers CA, and then she is the director, so there are about 20 people between those locations that are dedicated to ensuring that the administration of the training is tracked, that the training is delivered as planned, and we are working hand-in-hand in ensuring that the needs that we have are being met by the training and we are measuring that. Ms. Roberts said I like that you have HR functions, but what I understand of HR, because I am very heavily involved in that aspect, is that they do one thing, and training is not one of them. She asked if they have other people involved in the organization that are implementing the training and collecting the rosters. She said HR staff usually will do on-boarding training, but they don't do Six-Sigma or SAP training. Ms. Hengler said absolutely; they have functional trainers so they have a whole operational excellence team including master black belts that actually conduct the training. HR is there more for support, documenting the training, ensuring that everything we are doing is recorded, and in terms of the training delivery, not only will we use in-house experts or subject matter experts, but we are also going to be using some contractors that we have been working with in the past to deliver the training such as system training and so forth. Ms. Roberts asked if they have their own black belts, and if they use Accenture. Ms. Hengler said no, we considered Accenture but we decided to go ahead and train them. He said they brought in master black belts who have worked for companies such as GE and then they began an internal training program. He said their goal is to take 60% of the promotional opportunities and fill them internally by the end of this year. Ms. Roberts asked if they have an LMS system to track the training. Ms. Hengler said we actually have a proposal into our leadership team now. Ms. Roberts said because it is a large amount of money and there are a lot of things behind the scenes to earn that amount and I want to make sure you are set up to do that. Ms. Hengler said we are very confident and have a consultant we work with from the IM Group who is helping to make sure they understand their requirements all the way through. They are doing a lot of training now and have been over the course of 30 years, but it is on a much smaller scale with limited visibility. Now it is a much more formalized training plan and it is being implemented across the company, not just in an individual location.

Mr. Broad said he was unclear about what their company does. It says you are a manufacturer but it sounds as if you are also a distributor. Ms. Hengler said yes, it is highly confusing to many people. They started as a garden distribution company, and then they began buying garden branded products. So they were both distributing third-party products, and competitors' products at the same time they are manufacturing their own products and distributing those products. Mr. Broad asked for an example of some of those products. Ms. Hengler said some of the products include Pennington grass seed, Amdro fire ant killer, but we also through our garden distribution business, distribute Scotts or Ortho. Mr. Broad said, so you actually sell your own product and distribute the product of your competitor? Ms. Hengler said they manufacture their own product and distribute that product, and they also distribute the products of their competitors. It all comes from basically that long line of acquisition where we start as a distribution company, then into manufacturing, then diversified in the pet market, and essentially did the same thing where we distributed pet products and then started buying pet companies. Mr. Broad asked if they are a publicly traded company. Ms. Hengler said yes, they are. Mr. Broad said it always amazes me the large companies that come to ETP that we have never heard of. Ms. Hengler said exactly; because you might have heard of the brands, but most people didn't know Central and it is because we were not one Central, we were literally not a consolidated entity. With 3,500 employees we have a tremendous opportunity there. We sent 50 employees to China to source bird seed in one year, so you talk about the inefficiencies and redundancies that were impacting us and our customers; when they are getting invoices from different locations, there is a lot of waste there. So this transformation we initiated in 2011 was really designed to take very disparately managed businesses and roll them up into one, so we could streamline processes and become basically a more efficient consumer packages company. Mr. Broad asked if the 3,500 employees include all of the subsidiary manufacturers that they purchased. Ms. Hengler said yes, but they are no longer subsidiaries.

Mr. Rodriguez asked if they are in the middle or toward the end of their transformation. Ms. Hengler said they are about two-thirds of the way through. Again, you are moving from where there are lots of redundancies in things like financial transactions, sales, organizations, to a central approach to sale strategy, and to a branded sales organization, to a fully efficient supply chain organization; this takes years, so we are about two years in and we still have quite a few years to go. Mr. Rodriguez said, so back to Ms. Robert's observations, are you truly confident that you want to tackle \$599,400 in your first ETP proposal? Ms. Hengler said absolutely, the money is spent. When you look at the actual hours it is about six hours per employee per month; we are doing it now, and we are just now funding it.

**ACTION:** Ms. Roberts moved and Mr. Rendon seconded approval of the Proposal for CG&P in the amount of \$599,400.

Motion carried, 8 – 0.

### **Multiple Employer Proposals**

#### **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 (The Pipe Trades JATC) in the amount of \$502,706. The

Pipe Trades JATC training center serves 1,900 union members represented by the Plumbers, Steamfitters & Refrigeration Fitters UA Local Union 393.

Mr. Aguilar introduced Carl Cimino, Director of Pipe Trades Training Center Local 393; John Brauer, Director of CA Labor Federation and Jan Borunda, Project Coordinator of CA Labor Federation.

Mr. Broad said we just approved a decrease in the reimbursement rate which is higher than what is in this proposal; but it goes into effect at the beginning of the next FY as far as I understand. He asked when the training would begin and if it would run into the next FY. Mr. Cimino said the training is ongoing, and he believes it would run into the next FY. He said they are training continuously throughout the year, not only in apprenticeship training but journeyman training too. Mr. Broad said I think it would be appropriate for the reimbursement rate to go up at the beginning of the FY because you are being kind of punished by your timing, although I would really appreciate it if you would train normally instead of pushing everything over the FY, but I think it would be appropriate if the Panel agrees because someone who just applies and it will start in the FY, is going to get that increase. He asked if any of the Panel objected to that. Ms. Reilly said I am not sure which Job No. you are referring to. Mr. Broad said he was referring to the reduced reimbursement rate for the Montoya funds and asked if it was just raised from \$18 to \$21 with the blended rate. Ms. Reilly said no, the blended rate is for the pre-apprentice and journeyman training; the rate remains at \$13 per hour for the apprentices to account for approximately \$5 per hour payable in Montoya funds. We discussed and approved going forward in the next FY to train pre-apprentices and journeymen at a blended rate. Mr. Broad said, so there are no pre-apprentices or journeymen included in this proposal? Mr. Cimino said there are some journeymen included, yes. Ms. Reilly said they are structured in this agreement under Job No. 1, small business less than 100, and in Job No. 2 for standard size businesses. So pre-apprentices and journeymen trained as approved by either small employers or large employers and depending on which Job No. they are enrolled under, the reimbursement rate changes between \$26 and \$18. The apprentices are all under Job No. 3, which earn \$13 per hour, which is the rate under the Apprenticeship Pilot; reimbursement is decreased by \$5.00 in order not to displace Montoya funds. So although it would be possible to restructure this into one Job No. 1 for Jobs No. 1 and No. 2, for the blended rate, it just wasn't set up that way and enrollment is going to begin under Jobs No. 1 and No. 2. Mr. Broad said he did not want them to be disadvantaged. Ms. Reilly said just as an administrative matter, it seemed overly complicated to go back and review every one of these contracts that is already underway since the beginning of March. Mr. Broad said yes, we hadn't approved anything. Ms. Reilly said we approved it for next FY for the blended rate. Mr. Broad said so you are recommending that we leave the Job Nos. as is. Ms. Reilly said yes, I would recommend leaving them as is then going forward, the proposals will be structured using one Job No. for the pre-apprentices and journeymen using the blended rate. Right now, you don't even know which size employer you are going to be working for at the time of enrollment of the end of the retention period, but the JATCs are managing that somehow, and it will all be much simpler next FY with the beginning of this new blended rate approach; to try to untangle everything right now would be too difficult. Mr. Broad said he understood and withdrew his request for the reimbursement rate to increase at the beginning of the FY. Mr. Cimino said he understood.

**ACTION:** Ms. Fernandez moved and Ms. Roberts seconded approval of the Proposal for Santa Clarita CCD in the amount of \$401,835.

Motion carried, 8 – 0.

## **Northern California Heat & Frost Insulators and Allied Workers Joint Apprenticeship Committee**

Ms. Hernandez presented a Proposal for Northern California Heat & Frost Insulators and Allied Workers Joint Apprenticeship Committee (Heat and Frost Insulators JAC) in the amount of \$121,660. Heat and Frost Insulators JAC administers an apprenticeship program with representatives from Local 16 and the Western Insulation Contractors Association. The state-of-the-art training center serves 47 counties in Northern California.

Ms. Hernandez introduced Bill Hodges, Apprenticeship Coordinator/President, and Steve Duscha, representing Duscha Advisories.

Mr. Broad asked what union is under Local 16. Mr. Hodges said it is the union for heat and frost insulators and they were previously called asbestos workers.

**ACTION:** Ms. Fernandez moved and Mr. Hart seconded approval of the Proposal for Heat and Frost Insulators JAC in the amount of \$121,660.

Motion carried, 8 – 0.

## **Gerawan Farming, Inc. (presented out-of-order)**

David Guzman, Chief of Audits, Fiscal & Program Operations Division, presented a Proposal for Gerawan Farming, Inc. (Gerawan) in the amount of \$443,430. He said the ETP 130 for Gerawan was handed-out individually to the Panel before the meeting, and said it was not included in their Panel Packets. As explained by Mr. Guzman, with reference to the ETP 130:

Gerawan is an agricultural company that grows; harvests; packs; cools; and ships stone fruit and table grapes. The company's customers include wholesalers, supermarkets, wineries and dehydrators that purchase fresh fruit. Gerawan's corporate office is located in Fresno and the company has packing facilities in Sanger, Reedley, and Kerman. Training would take place at these three facilities, all of which are located in a High Unemployment Area (HUA). For the seasonal workers in Job No. 2, training concerns stone fruit processing.

The Panel is authorized to fund training for seasonal workers pursuant to specific statutory standards for Special Employment Training (SET), at Unemployment Insurance Code Section 10214.5. The Panel adopted guidelines for a Seasonal Worker pilot program effective January 1, 2007 consistent with the statute.

The purpose of the Seasonal Worker program is to increase employment retention and productivity in all cycles of crop production including harvesting, packing, processing, and transportation. Therefore, Gerawan qualifies as a major seasonal industry, and the 208 seasonal time-base trainees in Job No. 2 are eligible for ETP-funded training. All of the 200 packers are newly-hired for the season, and will be trained under the company's proprietary Packer Probation Program. As well, all of the eight forklift drivers are newly-hired; they will be trained under the company's proprietary program, leading to a possible certification. For Seasonal Workers, the Panel is authorized to modify wages by up to 25% below the county-by-county retraining wage; and, to substitute a special retention requirement; and, to modify the

standard 45% cap on literacy skills training. All training would be reimbursed at the priority industry rate of \$18 per hour.

Mr. Guzman explained that Gerawan is requesting a wage modification for the Plant Packer and Forklift Driver occupations in Job No. 2. In Fresno County, the county retraining wage is \$14.64 per hour; with a 25% reduction it would be \$11.02 per hour. Gerawan requested an additional wage modification, to \$9.02 per hour. The seasonal workers in Job Number 2 make no less than \$8 per hour and are increased during their probation period in phases based on productivity, so as to reach \$9.02.

A second issue for Job Number 2 concerns the training delivery method. The proposed Curriculum would be largely delivered during “on-site production” as Productive Laboratory (PL) training in Commercial Skills. The nature of processing after harvest requires hands-on training which is essential to ensure product quality and efficiency. The equivalent is the same for forklift drivers who are performing their usual processing duties at the three packing facilities.

The proposed Curriculum for Plant Packers includes effective packing techniques, grade separation, common fruit defects, identification of various pack styles, identification of packaging materials, and the operation of packing station electronic screen, lights and scale. The proposed curriculum for Forklift Drivers includes safety, location, function of forklift controls, leverage, pallet stacking, loading and unloading trailers, and moving pallets.

As explained by Mr. Guzman, there would be a dedicated trainer who would spend at least 20 minutes a day with each packer throughout the full 144-hour training period. During the first 24 hours of this period, the trainer would be assigned to a group of no more than 10 packers, using a “simulated laboratory” method that is non-productive. During the remaining 120 hours of training, a dedicated trainer would oversee a group of no more than 10 packers, using the PL method.

As he further explained, it appears this method of delivery meets Productive Laboratory Guidelines, depending on the degree of instructor involvement and the specificity of subject matter in the proposed Curriculum. For the purpose of studying how PL may be integrated into the seasonal worker guidelines, staff recommended approving a maximum of 60 hours for Job No. 2. This would be with the Seasonal Worker wage modification of \$11.02 per hour.

Mr. Guzman noted that, for Job Number 2, Gerawan also requested the seasonal worker retention modification, 500 hours within the 12-month period following the end of training, which was not an issue. Also, Gerawan requested the Seasonal Worker cap on literacy training at 50% of total training hours per trainee, which was not an issue.

For Job. Number 1, Gerawan requested the Classroom/Laboratory method of delivery for various types of training as identified in the Curriculum. There was no request for a modification to wage, retention or literacy skill requirements.

Mr. Guzman stated that -- but for reducing the hours of PL to 60, and denying a wage modification to \$9.02, in Job Number 2 -- staff recommended approval of this proposal as presented at \$443,430. He then introduced the Gerawan representatives who were present to speak before the Panel: Michele Noland, Chief Financial Officer; Oscar Garcia, Human

Resources Manager; and Marco Luna, Operations Director. He also introduced Jonathan Arambel, representing Assemblyman Henry Perea from Fresno.

Mr. Broad asked if Assemblyman Perea had a position on the Gerawan proposal. Mr. Arambel said he wanted to thank the ETP staff for working with Gerawan, through the process. He also stated that the assemblyman was supportive of Gerawan's efforts to enhance training and increase wages, and was appreciative of ETP's role in supporting the agricultural industry sector. Mr. Broad asked Mr. Arambel to thank Assemblyman Perea for his interest.

Mr. Broad asked for the name of another speaker at the podium. In response, Ms. Noland said it was Nathan Faulkner, their consultant.

Mr. Broad thanked ETP staff, especially for finalizing the proposal under time constraints so it could be presented to the Panel in March. Ms. Noland said she had handouts for the Panel and also wished to show a couple of videos.

Ms. Noland began the video. Mr. Broad asked: Can you tell us if anything we are watching on the video is what we are paying for. Mr. Garcia said yes, and in the ensuing discussion mentioned that it is sometimes difficult for people not related to the agricultural business to understand the packing and shipping process. As he explained, packers are the heart of this operation; they are very highly skilled and need to make decisions right away and grade the fruit based on different qualities.

Mr. Garcia noted that all of the frontline supervisors receive literacy training from a reputable private school, Fresno Pacific. The video included a testimonial from a worker at Gerawan about how important this training had been in his job, and personal life. As well, Mr. Garcia said, his company provides managerial skills and computer skills to some administrative staff.

Ms. Noland referred to Page 6 of the packet she had handed out, and said it provided a summary of their funding proposal. She said it highlighted training for Plant Packers as this is the occupation that ETP staff had the most questions about. She confirmed that Gerawan was asking for funds to train some 200 packers at 144 hours each, for a total cost of \$518,000, and with a post-retention wage modification to \$9.02 per hour. She noted that Gerawan was asking for the same modification for the Forklift Drivers.

Mr. Broad pointed out that staff did not recommend a wage modification for the Plant Packers and Forklift Drivers. He also noted that, per the ETP 130, it did not appear Gerawan was paying for health insurance benefits on behalf of any employees; and he asked for clarification on that point. Ms. Noland responded, stating that many of their seasonal employees get health insurance benefits once they meet minimum hour requirements, and all salaried personnel are offered health insurance.

Mr. Broad asked if the seasonal trainees would be receiving health insurance. Ms. Noland said not generally, because most of them would not meet the requirement of working 1,900 hours in an anniversary year. Mr. Broad said he needed to know who ultimately receives health insurance and if plant packers generally ever receive it. Ms. Noland said some Plant Packers do qualify: approximately 100-120 out of a total of 800-900 packers receive health insurance. Mr. Broad asked if the Forklift Drivers are also seasonal and if they receive health insurance.



Ms. Noland said yes, they are seasonal and some of them reach the 1,900 hours. Mr. Broad asked if the health insurance includes family coverage. Ms. Noland said the coverage is offered to the employee, spouse, and their whole family, whatever they elect.

Mr. Broad asked if the frontline supervisors and administrative staff all receive health insurance. Ms. Noland said yes, they may not all sign up for it, but they are offered it. Mr. Broad asked why they may not sign up for it. Ms. Noland said because of the cost.

Panel member Gloria Bell asked if Gerawan's supervisors are employed year-round, so as to qualify for health insurance. Ms. Noland said yes. Ms. Bell asked: What is the probability that once workers start a season, they will make the 1,900 hours and qualify for health insurance? Ms. Noland said there is a likely chance; she said many more people than her estimate of 100-120 qualify; they are offered the insurance, but do not actually enroll for coverage because of the cost. Mr. Broad asked if that is because they have to pay the health insurance premium. Ms. Noland said they pay 50% of the premium and Gerawan pays 50%.

Panel member Sam Rodriguez asked how does an average season last, insofar as the worker has length-of-employment. Ms. Noland said it depends on the actual harvest, which generally starts in early to mid-May and runs until about mid-October. Mr. Broad asked if this was the average employment period for Plant Packer and Forklift Driver, and Ms. Noland said that was correct.

Mr. Rodriguez asked for clarification on whether a typical packer who is hired in May and released in October, and who returns the following May, would lose the number of hours needed to reach 1,900 and become eligible for insurance. Ms. Noland said not necessarily. She clarified, that if workers are retained throughout the first anniversary year, they are indefinitely eligible unless they switch job classifications. So if a packer makes it through the first year, their hours accrue and they do not start over the next year. Ms. Bell asked about her statement if they switch job classifications, so if someone is promoted, they have to begin all over again? Ms. Noland said no, the hours still accrue.

Ms. Noland said there are four phases to the plant packer program: Phase I is 24 hours; Phase II is 48 hours; Phase III is 48 hours; and Phase IV is 24 hours. In total, that makes up the 144 hour time period. There is a 1:10 ratio between the trainer and trainees at all times. Trainees are never left alone and there is also a trainer with them at any given time during this 144 hour period, so I don't know if that was clear.

Mr. Broad inquired, regarding the 144 hours: How many weeks of work does it usually take? Mr. Garcia said usually two to three weeks. Ms. Bell asked if they are on the wage order for 8 hours a day or 10 hours a day. Mr. Garcia said they are on 8 hours a day. Mr. Rodriguez asked how many Plant Packers are classified as part-time workers. Mr. Garcia said they are full-time within the season; they are seasonal workers. Mr. Broad asked if they ever work overtime. Mr. Garcia said yes, they do.

Ms. Noland clarified further, about part-time and full-time employees in the company. She said Gerawan has about 1,000 workers that are full-time between including the plant supervisors. Ms. Roberts said, the ETP 130 shows 500 employees in California, and asked if that figure was incorrect. Ms. Noland said those would be the people that are proposed for training, since

Gerawan is only focusing on the packing plant and administrative, not the ranches. Ms. Noland said her company retained some 6,900 employees per W-2 reporting in the last Calendar Year, although some of them may only work for two weeks on a ranch.

Ms. Noland said our goal with this program really is to gain a very skilled workforce but then comes back and continues to come back and becomes more productive every year and therefore makes more money. So I should just tell you that these workers are paid on what we call "piece rate", which is production-based, so it is not an hourly salary, it is production based. But we will never pay below minimum wage of \$8.00, so if they actually earn below minimum wage of \$8.00, you can see they have some achievements to do in each of these phases. They are never paid below the \$8.00, so they need to earn from a production standpoint, those thresholds.

Mr. Broad asked for the piece rate and said he is very familiar with piece rate. Ms. Noland said it depends on pack style and variety. Mr. Garcia said it depends on the containers, such as how many pieces of fruit. Ms. Noland said around .33 cents a box. Ms. Garcia said some of the packers earn up to \$20 per hour.

Mr. Broad said he understands how piece rate works: if you work faster you can make more money. He asked if the rate of .33 cents per box ever go up or does it stay the same no matter what. Mr. Luna said it does for example if the quality of fruit coming in from the ranches is higher, Gerawan will pay 15% more. Mr. Broad asked, does the rate go up depending on your level of experience in the job? Mr. Luna said no, it does not. Mr. Broad asked if the rate goes up based on how much training employees receive. Mr. Luna said no, it does not. Mr. Broad said, so the rate is the same no matter what. Ms. Noland said yes, that is right.

Mr. Rodriguez asked how many different fruits they process. Ms. Noland said they process peaches, plums, nectarines and table grapes. Mr. Luna said some are a little more difficult; for example, the nectarine rate is higher than the others because they have more defects and scars. Mr. Broad asked how overtime works; Mr. Luna responded, saying it is calculated by total hours earned divided by hours worked, and that gives an hourly overtime rate. Mr. Broad said and then you pay time and a half on that basis. Mr. Luna said that is correct. Mr. Broad asked how meals and breaks are handled. Mr. Luna said it is by an average time, payable each day.

Ms. Roberts asked if the 200 Plant Packers in Job Number 2 come back every year, or are they new. Ms. Noland said they are brand new employees. Ms. Roberts asked if they are under 18 years of age. Mr. Luna said they must be 18 as a condition of hire.

Referring to the handout from Gerawan, Mr. Broad asked if it was correct that packer trainees in Phase II must achieve a \$7.00 rate at .33 cents per box, or they will be let go from employment. Ms. Noland said they do not go to the next level that is right. Mr. Broad said so we have trained them for the first 48 hours we are not going to reimburse you for those 48 hours because that worker got fired, and so forth through the phases of training. Mr. Broad asked if the workers must \$8.50 per hour including piecework in Phase IV, and asked how much do they have to pack after that to remain employed? Mr. Luna said equivalent to \$8.00, and clarified that the company does not actually fire the workers who cannot meet production. He said Gerawan would continue training until the workers can pass on to the next level in the probation program.

Mr. Broad said so the only way that a person increases their wage beyond the minimum wage is by working faster, is that correct? Ms. Noland said essentially, yes; although this was also an issue of quality standards.

Mr. Broad continued to ask questions about what the Seasonal Workers actually earn. Ms. Noland said Gerawan believes the majority of the 200 workers will earn \$9.02 per hour; although there may be 30-40 workers who earn \$10.00 or \$11.00 per hour. Mr. Broad disputed the wisdom of spending \$1,000 per trainee in ETP taxpayers' money to increase from \$8.00 to \$9.00 per hour. Mr. Garcia said that among Seasonal Workers the company has employees who earn up to \$22.00 per hour.

Ms. Roberts asked about newly-hired seasonal employees, who would receive training during hours of production: "I mean these people that are actually doing packing are making a profit for you; you are not really training them, they are packing fruit." Mr. Garcia said not really, because Gerawan has an entire structure dedicated to the Packer Probation Program: "We have trainers, in addition to the supervisors; this group does not go under the normal supervision. We also have a manager who is totally dedicated to supervising these programs, and who moves from the packing area to a training table. He said trainees are also exposed to quality control inspections. Ms. Roberts asked if the trainer time was dedicated for 20 minutes per day. Mr. Garcia said no, it would be more like a couple of hours every day, and also the trainees are never left alone on the production line.

Mr. Broad asked where the 20 minutes of training comes into play. Mr. Garcia said the 20 minutes is one-on-one time where the trainer works with individual trainees. Mr. Broad asked if the trainers are distinguishable from supervisors. Mr. Garcia said yes, they are. Mr. Broad asked if that is a different group of people. Mr. Garcia said yes, that is correct; the company assigns four supervisors, with one supervisor for each packing facility and also one supervisor for each packing line. In addition to that, there are two trainers at all times.

Ms. Bell said the ETP 130 showed 60 Frontline Supervisors in Job Number, and asked if that was correct. Ms. Noland said yes, there are 60 frontline supervisors and five administrative staff. Mr. Garcia said yes, we have probably more supervisors, since they have two packing facilities; one cold storage facility; a corporate office; and, sales and marketing offices. He estimated a staff of 4,500 employees in the season.

Ms. Bell asked for clarification on hiring seasonal workers: Do they begin as a packer or something else? Mr. Garcia said it depends on the needs of the company. Mr. Rodriguez asked if new workers are being trained in a classroom and not actually packing, would they be paid? Mr. Garcia said yes, of course. Mr. Rodriguez asked what they would be paid as the basic hourly wage. Mr. Garcia said \$8.00.

Mr. Broad asked: Do some of the packers also work in the agricultural side of the business? Do they sometimes pick part of the year or are they completely separate? Mr. Garcia said it depends, but generally it is all separate. Mr. Garcia said workers have the chance to pick fruit when they are not packing, which would be outside a specific packing season.

Ms. Roberts asked if the forklift drivers receive certification, and if their training would result in a portable skill that could help them find another job. Ms. Noland said they get a company

certification, not under OSHA. Ms. Roberts said, so you don't go through any kind of OSHA training on their forklift training? Mr. Garcia said no, the company prefers to deliver specific safety training geared to cold storage: "We store our fruit in three layers and then it is ten pallets deep, so they need to be very skillful to go in and out of those racks." Ms. Bell asked how many forklift drivers work in cold storage. Mr. Garcia said there were two.

Mr. Garcia said he wanted to make a point of clarification about the packer training: "We also have a compensation system for mentors. This means that a new packer is never by themselves, we assign two experienced packers next to them, to give tips and impart skills. Of course, this wastes time, so we have a coupon system. We give the new packer some coupons, so if they believe that they have received the help that they needed to become successful from the mentor, the packer gives a coupon to the mentor which equals to a number of boxes. So we are trying to create a real learning environment for those packers".

Panel member Carol Farris asked: "Of the packers that start the training, how many people make it to the final stage?" Mr. Garcia said 60% to 70% of the packers make it through the four stages. Panel member Michael Hart turned the Panel's attention to Job Number 1. He asked for clarification on what training the Frontline Supervisors would receive from among the topics listed in the Curriculum. Mr. Noland said the Administrative Staff would receive training in Computer Skills and Continuous Improvement; and, the Frontline Supervisors would receive training in Commercial Skills, Continuous Improvement, and Literacy.

Mr. Broad asked if the Plant Packer Probation program is standard training that Gerawan delivers every season for the new people. Mr. Garcia said it changes every year to make improvements such as the ratio of trainees to trainer or assigning people to supervise the trainers.

Ms. Bell verified that the company had approximately 6,900 workers last year, and asked how this corresponded to a turnover rate of 10% as identified in the ETP 130. Ms. Noland said that depends if we are including ranches in the mix, because there the turnover is much higher. All told, she said, the company turnover rate is about 25%. Mr. Broad asked for verification that 60% to 70% of packers stay the season. Mr. Garcia said that is right. Mr. Broad asked how many seasonal packers return the next year (season). Mr. Garcia said about 70% return. Mr. Broad said: "So the most funding that you could possibly earn from what we are paying is 70% of 70% -- which is about 50%. That is a very bad investment for ETP." Ms. Roberts agreed.

Mr. Broad said: "What you are actually asking us to do is invest in an efficiency labor system which is fine, nobody is saying there is anything wrong with it, but there is a question of whether ETP fits that model. Our model makes total sense with your Administrative Staff and with your Forklift Drivers; the problem has to do with the nature of the piece rate paid to the seasonal workers." Then, he said, the value of training cannot be correlated to wages paid. He recalled that ETP funded Seasonal Worker training at a different farm (Paramount) that was making an investment in a new plant and new technologies; also the workers weren't paid by piece rate. "We were investing in training them for this new processing system which would make them competitive against companies from out-of-state, or anybody else in their business sector."

A discussion ensued about the nature of piece-work as part of the hourly wage. Mr. Broad said: "The problem I have here and it is not a criticism, obviously a lot of agriculture runs by piece

rate, no one is suggesting that by its nature that it is problematic, but we struggle frequently because there is no career path.” Mr. Garcia said there is a false assumption that workers remain forever in the packer positions.

Ms. Roberts said she believed most seasonal workers would not want to be a packer all of their lives, and unless they had a supplemental job then this type of training would not fit the ETP model. Mr. Garcia said the company has many examples of upward mobility. He said employees at Gerawan have the opportunity move up because they encourage promotion for highly-talented people.

Mr. Broad said, but that is not what we are training them for, I know there is a well-trodden path in agriculture that goes from working in the field, to packing house, to food processing, to truck driver, etc. “In other words, the person being trained to work in the food processing plant, when they decide to become a commercial driver, that is not what they have been trained for, it is just a path up that they have made for themselves by getting a commercial driver’s license.” By way of comparison, he said: “If you were going to train seasonal workers in a specific area, and then they were going to move up and become a skilled worker such as a mechanic, making a higher wage, that would be . . . what we are looking for, career pathways.” As such, he said, he could support training for the Forklift Drivers. On the other hand, he said, that type of career mobility would not apply to Plant Packers, in his opinion. He felt it would be difficult for ETP to justify funding for training that is equivalent to new employee orientation.

Ms. Roberts said she could not distinguish the Plant Packer Probation program from the production- for-profit environment. “We are funding you . . . [but] it does not seem like we are doing anything for those 200 workers.” Mr. Rodriguez asked if the employees that operate the packing machinery need training. Mr. Luna said they do, in keeping with upward mobility. “We have an entire structure within the company. For example, our overflow supervisors used to be packers; our quality control inspectors used to be packers; our quality insurance inspectors used to be packers. So there is a career path.” Mr. Broad pointed out that Gerawan was not asking to train packers on quality control, so at the end they could increase earnings. Mr. Rodriguez asked if the operators worked full time as machinists. Mr. Luna said yes, the mechanics were a full time, year-round staff.

Mr. Broad asked if there was a consensus among the Panel for a motion. Ms. Roberts said she was not likely to vote for Job Number 2. Mr. Luna observed that the trainees in Job Number 2 will have new skills at the end of training that they did not have before, and they will earn more than \$8.00. He said they will have to work faster, and learn to recognize the defects, but they will have a portable skill. Mr. Broad said he was still worried that the Panel would be backing into a policy whereby “we are going to be funding the Christmas rush next at Macys.” Ms. Roberts agreed.

Mr. Garcia said the company trains Plant Packers as they start their careers within the agriculture business. He said the nature of the position is to move from one employer to another, so they do learn and acquire new skills that help their mobility. Panel member Sonia Fernandez asked: “What is the turnover rate in order to have space for people to move up to in those positions?” Mr. Garcia said turnover is about 10% to 15% for those positions.

Mr. Hart referred to an earlier discussion about the Curriculum and asked again if the Frontline Supervisors would receive training in welding and plant packaging? Ms. Noland said the plant packaging would only be relevant to Plant Packers and forklift certification would only be relevant to Forklift Drivers. Mr. Hart understood.

Mr. Broad asked for verification that some employees are year-round, such as Administrative Staff? Ms. Noland said yes, they are employed year-round. In regard to the training Curriculum, she said the Administrative Staff would receive training in Microsoft Office, database and software; also in sales and marketing; but probably not in literacy skills because they are working on a computer and already literate in English. In contrast, she said, the Forklift Drivers would get specific vocational training and possibly literacy. She agreed that the hours of training needed for each occupation, would affect the request for funding by Job Number.

Mr. Broad asked if the Forklift Drivers are hired before the beginning of the season and then trained. Mr. Garcia confirmed that was correct. Mr. Broad asked what they earn when they start employment. Mr. Garcia said they begin at \$8.00 per hour. Mr. Broad asked what they earn at the end of training. Mr. Garcia said they would earn \$9.00. Mr. Broad asked if there are only five Forklift Drivers. He said, from his opinion as one panel member, he would be willing to fund the Forklift Drivers for the duration of training as outlined in the proposal.

Mr. Broad then asked the company representatives for more clarification on training for the Administrative Staff. He asked how many hours of training were needed, and in what subject matter. Ms. Noland said if the handout showed the best breakdown; for the five Administrative Staff would each receive 24 hours. Mr. Broad asked about the Frontline Supervisors, and Ms. Noland said those 60 employees would be getting 200 hours of training each.

Mr. Broad asked if that much training was really needed. Mr. Garcia replied in the affirmative, because it includes 100 hours of literacy training; he said the supervisors actually get 250 hours of literacy training as a semester of study, but the company would be funding the remaining 150 hours.

Mr. Broad asked General Counsel Maureen Reilly if there was a limit on funding for literacy training. Ms. Reilly said the Seasonal Worker guidelines allow 50% of total training hours per trainee, for literacy skills. Mr. Broad said the only remaining issue is whether there is sufficient justification for the other 100 hours, such as in Commercial Skills. Mr. Rodriguez asked for clarification on whether the Frontline Supervisors are trained in quality control, to act as mentors. Mr. Garcia said there is "train the trainer" instruction, but not quality control because that is handled by a different occupation, of Inspectors. Mr. Rodriguez asked how many Inspectors they have, and Mr. Garcia said approximately 14 at each plant. Mr. Rodriguez asked where they recruit their inspectors from, and Mr. Garcia said it was from the Plant Packers, primarily.

Mr. Broad said: "Here is what I propose. We approve the training for the Administrative Staff and the Forklift Drivers, and Gerawan returns in a month with a developed Curriculum for the Frontline Supervisors, because what we have is sketchy." He said that asking Gerawan to return in April should not cause harm, especially because it is not clear if the Frontline Supervisors really need 100 hours of non-literacy training; it may actually be 30-40 hours. Ms. Roberts agreed. Mr. Rodriguez asked the company to identify the job classifications very clearly

in terms of training needed for the non-seasonal workers as “the folks that are with you for a long time.”

Ms. Roberts made a motion to approve funding for two occupations: the eight Forklift Drivers at a total cost of \$3,456 and the five Administrative Staff for a total of \$2,160. She said: “If you want to return next month, we can go ahead and look at the other occupations; we want to make this work for you.” Mr. Broad asked for clarification as to whether Ms. Roberts was proposing, as part of her motion that the Forklift Drivers be allowed to have a wage waiver from \$11.02 to \$9.02 per hour. Ms. Roberts said she wished they would get more money because I think \$8.00 per hour is pretty low for the skills required of a driver moving ten-deep in pallets.

Mr. Rodriguez said: “This is very important. I am also going to advise that you work with your consultant in identifying your industry standard for a forklift driver because you are now at \$8.00 per hour.” Mr. Garcia said the company has different pay scales for the drivers, depending on the skills required; \$9.00 per hour is the very first pay rate for drivers who just have to move bins, and that is the most basic skill. Mr. Rodriguez asked how many levels of forklift drivers there are. Mr. Garcia said there are four levels, each with a different wage scale. Mr. Broad asked if Gerawan could pay the drivers more than \$9.02 per hour, as a condition of funding; perhaps paying \$9.50. Ms. Noland said no, not for the newly hired Forklift Drivers at the first level.

Ms. Roberts said since this is such a small amount of money, she was agreeable to approve a wage of \$9.02 per hour for these eight trainees for a total of \$3,456. Mr. Broad said I would like to amend the motion to actually deny training for the Plant Packers in Job Number 2, and postpone final review for the Frontline Supervisors in Job Number 1. Ms. Roberts was agreeable to the amendment.

**ACTION:** Ms. Roberts moved and Mr. Rodriguez seconded approval of funding for eight Forklift Drivers with a post-retention wage of \$9.02 per hour with a wage waiver from \$11.00 to \$9.02 per hour, for a total amount of \$3,456; and five Administrative Staff with a post-retention wage of \$11.02 per hour, for a total amount of \$5,616; and, denial of funding for Plant Packers; but allowing Gerawan to return to the Panel at its meeting on April 26, 2013 to justify training for Frontline Supervisors with a more detailed Curriculum.

Motion carried, 8 – 0.

Ms. Noland asked if it would be possible, when Gerawan returns in April, to get funding for the group of Frontline Supervisors on a retroactive basis. Mr. Broad asked the General Counsel if approval could be made retroactive. Ms. Reilly responded in the affirmative: “We could make the start date of additional funding approved in April retroactive to the start date of the contract approved today.” Mr. Broad said he had no objection to a retroactive start date as long as it was legal, and would not be considered outside the term of contract. Ms. Reilly said it would be within the same term of contract. Mr. Broad said okay, so that is the answer to your question, whatever the training we approve for that group, can be retroactive to the start date of the contract.

**X. PUBLIC COMMENTS**

There was no public comment.

**XI. PUBLIC MEETING ADJOURNS**

Mr. Broad adjourned the Panel meeting at 2:30 p.m.