



**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  
April 27, 2012

**PANEL MEMBERS**

Barry Broad  
Chair

Carol Farris  
Member

Sonia Fernandez  
Member

Michael Hart  
Member

Janine Montoya  
Member

Edward Rendon  
Member

Janice Roberts  
Acting Vice-Chair

Sam Rodriguez  
Member

**Executive Staff**

Brian McMahon  
Executive Director

Maureen Reilly  
General Counsel

**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  
April 27, 2012

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

Chairman Barry Broad called the meeting to order at 9:34 a.m.

**II. ROLL CALL**

Present

Barry Broad  
Carol Farris  
Sonia Fernandez  
Michael Hart  
Janine Montoya  
Edward Rendon  
Janice Roberts

Absent

Sam Rodriguez

Executive Staff Present

Brian McMahan, Executive Director  
Maureen Reilly, General Counsel

**III. AGENDA**

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

Motion carried, 7 – 0.

**IV. MINUTES**

ACTION: Ms. Roberts moved and Ms. Montoya seconded the motion that the Panel approve the Minutes from the March 23, 2012 meeting.

Motion carried, 7 – 0.

**V. REPORT OF THE EXECUTIVE DIRECTOR**

Brian McMahan, Executive Director, said there is a good representation among our projects which include single employer agreements, multiple employer agreements, and AB 118

proposals. He said he was pleased to continue to see the strong inclusion of job creation elements in our projects. He said there is a change to make in the Fund Status Report (FSR) for the current year. We are not seeing any increases in our revenue, in fact we are seeing a slight decrease, and that has established a trend now that has led us to modify the first line on the FSR. We had indicated before, a \$46 million amount on the top line in terms of overall revenue collection, and that is being modified to \$45 million in revenue. Since projects are encumbered on an incremental basis, there is a compounding effect so that the reduction of \$1 million reduces the awards that ETP can allocate by about \$3 million in the current year. In terms of ETP's overall budget, ETP collects about 40 to 45 percent of its total revenue in the month of May, so where we end the year in terms of overall revenue collections could change. This means that at the June meeting, we will bring projects to the Panel that will either be encumbered out of increased revenues in the current year, or we will be encumbering those projects forward into the next budget year. In terms of remaining funds, an adjustment will be made.

After today's meeting, ETP will have approved about \$58.1 million in project awards leaving approximately \$10 million to allocate in the May and June meetings. In terms of the overall pipeline, even though we closed the retraining application cycle for single employers and multiple employer contractors, we still have received over 600 applications this year. Of those 600 applications, 197 are either in development at regional offices going through an eligibility determination, or we have received an application for those types of projects. Of that group, we now have a high percentage of those as small businesses; many of these types of companies experience a downsizing of the project, and we also see a lack of readiness to move forward, so the \$27 million in demand that remains among those 197 projects will likely drop. It is estimated at this point that we will carry over between \$12 and \$14 million of projects submitted into the new FY.

In terms of what next year holds in store for the program, we believe that our revenue will continue to be fairly low, but fairly stable. We receive an estimate from EDD in mid-September but we have to structure the program moving forward into the new FY before we have that formal estimate. At the next Panel meeting in May, we will bring recommendations to the Panel, much like we did last June. We will make recommendations as to project caps and multiple facilities under the same employer, so there will be a range of issues to be discussed with the Panel at the next meeting. If we have an unexpected increase or decrease from the September estimate from EDD, then we will make adjustments at that point in time.

Mr. McMahon said that in regards to the alternative fund projects, particularly AB 118, there is a solid project to be presented today that he believes the Panel will find interesting. Finding projects that qualify under the fairly narrow parameters of that program is a challenge, but we continue to aggressively market those funds. We are aggressively acting to develop partnerships with community colleges, local government, industry, and labor which helps create a path for those projects to find their way to the program. Staff believes that there will be a carry-over of funds this year from the AB 118 program. The California Energy Commission's Investment Plan for the 2012-13 budget year also includes an additional \$2 million for ETP in FY 2012-13, so there should be about \$4 to \$4.5 million available for projects in the new budget year.

Mr. McMahon discussed the Workforce Investment Act Discretionary Funds that we are targeting to healthcare projects related only to job creation. ETP received a scant \$1.7 million for the program, and when staff opened only a three week application cycle, we received 36 solid proposals. Those are down to 34 proposals now, so obviously there is much greater demand than there are available funds. We will be going through an executive review process, and staff has worked with the applicants to develop an initial proposal. Staff will be going through a review process next week, applying many of the screening elements that we identified in guidelines for the program to make some small alternations in the dollar amount. They will not be huge, but will include projects that come from high unemployment areas and projects that demonstrate a solid readiness to train. We will also be looking at current performance on open contracts with WIA dollars for the healthcare organizations and how they are progressing. The Panel can expect those projects to be presented as a block at the next Panel meeting because of their low size, somewhere between \$50,000 to \$70,000, which would normally be handled through the delegation process with the Chairman and me. We are bringing those projects as more or less a Consent Calendar block. We are not asking for representatives to travel to the Panel meeting so we will review all of the projects as a single group. He thanked ETP staff that was involved in working on a short timeline to get these projects developed and reviewed and said everyone had done a terrific job.

In terms of the legislation impacting ETP, it has been a quiet year. AB 1224 (Committee on Veterans Affairs) continues to briskly move through the Legislature with no opposing votes. It would require ETP to specifically address veterans' employment issues in its strategic planning process. We have made veterans a priority for ETP for a number of years, so it really does not have much impact on ETP.

SB 1401 (Lieu) integrates ETP into a larger state planning process that integrates education and training together, so ETP will be a component of that overall exercise. Our statute has a number of very specific references to ETP's coordination with the public workforce system, such as the state Workforce Investment Board or local Workforce Investment Boards. With the appointment of a new executive director, Tim Rainey, at the state level, ETP is working very closely with them. The Board is embarking on a comprehensive strategic workforce plan and ETP is part of that planning process. The Board has submitted an application to the U.S. Department of Labor under a workforce integration or innovation workforce program that ETP is also participating in.

Mr. McMahon asked Panel members for illustrative purposes only, to turn to Tab 12 in the Panel Packet binder. He said staff would be making a change in the display of projects that he believes will give the Panel a little more transparency in terms of the wages paid in the projects. On Page 2 of 5 of the ETP 130, if you look at the wage range by occupation, you will see that for some job groups the low end is down at HUA modified wages. When a health benefit is identified, that is added to the real wage to produce that low-end wage that you see in that range. Beginning at the May Panel meeting, we will show the real wage and the actual wage paid at the bottom of the range. If just a small fraction of the overall participating trainees in that occupational group are actually earning that wage, we will point it out in the narrative of the proposal. What that does for the Panel, is it gives a clear view of the wages being paid to individuals participating in the project. We will also continue our current process of identifying the contribution that applicants make toward health, dental and vision benefits. We will show that dollar amount so that when you have a wage in the wage range that is below the post-

retention wage shown in the training table above, the addition of that lowest wage plus the health benefit will need to meet or exceed that post-retention wage.

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

Mr. McMahon asked for a motion to adopt Consent Calendar Items #1 and #2.

General Mills Operations, LLC.....	\$142,500
Scaled Composites, LLC .....	\$145,800

ACTION: Mr. Rendon moved and Ms. Roberts seconded approval of Consent Calendar Items #1 and #2.

Motion carried, 7 – 0.

**VII. MOTION TO DELEGATE IN EVENT OF LOSS OF QUORUM**

Mr. McMahon asked for a motion to delegate in event of loss of quorum, authorizing the Executive Director in conjunction with the Panel Chair or Vice Chair, to approve projects.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded the motion to delegate in event of loss of quorum.

Motion carried, 7 – 0.

**VIII. DELEGATION ORDERS**

Maureen Reilly, General Counsel, referred to Delegation Order Tabs A through D located at the back of the Panel Packet. She said Tabs A through D include Delegation Orders that the Panel has already approved. She said there were approximately \$832,500 in fast track and \$327,366 in small business Delegation Orders approved by the Delegation process.

**IX. REVIEW AND ACTION ON PROPOSALS**

**Single Employer Proposals**

**Brotman Medical Center, Inc.**

David Guzman, Chief of Operations, presented a Proposal for Brotman Medical Center, Inc. (Brotman), in the amount of \$497,344. Brotman is a 420-bed community hospital located in Culver City dedicated to serving the needs of an ethnically diverse community by providing outpatient and inpatient services including alcohol and drug recovery, behavioral health, bloodless medicine and surgery, cardiac services, 24-hour emergency room, imaging services, orthopedics, outpatient diabetes program, pulmonary services, rehabilitation services, bariatric center, and vascular services.

Mr. Guzman introduced Julie Che, Operations/Informatics Specialist.

Ms. Roberts asked about the stability of the company since they filed for bankruptcy. She asked why we are now doubling the amount of funding then when they first applied and asked about

the differences in the two proposals. Ms. Che said they have a new parent company and now have a much more stable financial future. She said the hospital's average daily census recently increased from emergency room visits of about 65 to 90 to about 160 to 210, so they are growing quite quickly. They have also seen an influx of psychiatric patients with the closing of Cedars-Sinai hospital.

Mr. Broad asked for the status of the bankruptcy. Ms. Che said they are clear from bankruptcy at this point, as far as she is aware. Mr. Broad asked if they have been acquired. Ms. Che said yes, that is correct. Mr. Broad said the issue in the past has been would our funds be subject to the jurisdiction of a bankruptcy court, that appears not to be the case now, and so he does not believe bankruptcy is now an issue.

**ACTION:** Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for Brotman in the amount of \$497,344.

Motion carried, 7 – 0.

### **Paramount Citrus Packing Company, LLC**

Mr. Guzman presented a Proposal for Paramount Citrus Packing Company, LLC (Paramount), in the amount of \$447,700. Paramount is the largest producer of fresh citrus in the United States, annually shipping approximately 15% of the nation's fresh oranges and lemons. With more than 31,000 acres of citrus orchards in the San Joaquin Valley and Ventura County and packing plants in Kern and Tulare counties, Paramount ships an average of 12 million cartons of oranges and lemons each year, equating to more than 400 million pounds of fresh fruit. This includes small, sweet, easy-to-peel Clementine oranges, a hybrid variety of mandarin orange, known as "California Cuties."

Mr. Guzman introduced Danny Garcia, Director of Human Resources; Pete McKenzie, Director of Continuous Improvement; and Steve Duscha, representing Duscha Advisories.

Ms. Montoya said the cost of training these individuals earning under \$10.00 at the end of training seems excessive. She said that generally, people who make more money are well trained and have education and this is a very high cost-per-trainee amount for what is not generally considered high-skill training and asked how they justify that amount. Mr. Garcia said with the build of their new facility, it is a green build and it is brand new. He said the people that are going in are beginning training now and continuing the training process through the fall, essentially into October when they begin receiving fruit. Almost all of the equipment going into this facility is new; it is new to their organization and new technology within the citrus industry, which requires a great deal of training in new processes and certifications. Ms. Montoya said staff just pointed out that this proposal is mostly new job creation, which does a lot for her, and she thanked Mr. Garcia.

Ms. Roberts asked if the Paramount building adjacent to Highway 99 has been demolished. Mr. Garcia said no, right next to it there is another building that is larger than the existing one, with a sign that says future home of "Cuties" and 500 new jobs. Ms. Roberts asked if any operations are occurring in the old building. Mr. Garcia said yes, there is a year-round operation in the old building, which processes the mature crops, which are the oranges and lemons. The new

building is being specifically built for the processing of their mandarin crop, which they market under the "Cuties" label, which is what the new building will be used for. Ms. Roberts said, so none of the incumbent workers will be trained under this grant, correct? Mr. Garcia said yes, that is correct.

Ms. Fernandez said although they do not anticipate another freeze, she wanted to know what their past experience has taught them to make this contract successful. Mr. Garcia said they know they cannot control the environment but under this contract specifically, since it takes place in the summer, a freeze will not be an issue. He said they continue to operate and staff as though there will not be a future freeze, since they cannot predict the weather. When they go into a freeze scenario, such as during their previous proposal, they were able to utilize some of the advantages of their new technology in their old processing facility and square away the workforce. They now have a stable year-round workforce and even if there is a freeze because of the increased requirement to separate frost-fruit, they keep that workforce on, and they do not go through a big fluctuation of layoff and rehires because of it. Ms. Fernandez said that is exactly the explanation she was looking for and thanked Mr. Garcia.

**ACTION:** Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for Paramount in the amount of \$447,700.

Motion carried, 7 – 0.

### **Promise Hospital of East Los Angeles, LP**

Mr. Guzman presented a Proposal for Promise Hospital of East Los Angeles, LP (Promise Hospital), in the amount of \$248,976. Promise Hospital is a two-campus Long-Term Acute Care (LTAC) hospital. The hospital has 36 beds at its East Los Angeles facility and 182 beds at its Suburban Medical Center campus located in Paramount. Services include on-site intensive care, cardiac monitoring, hemodynamic monitoring, ventilator weaning, dialysis services, respiratory therapy and care, IV antibiotic therapy, total parenteral nutrition, wound care, pain management, physical therapy, diabetes management, radiology and laboratory services.

Mr. Guzman introduced Aimee Garner, Director of Education

There were no questions from the Panel.

**ACTION:** Ms. Roberts moved and Mr. Rendon seconded approval of the Proposal for Promise Hospital in the amount of \$248,976.

Motion carried, 7 – 0.

### **The WellPoint Companies, Inc.**

Mr. Guzman presented a Proposal for The WellPoint Companies, Inc. (WellPoint), in the amount of \$381,000. WellPoint is one of the nation's largest health benefits companies, with 34 million members in its affiliated health plans and more than 65 million individuals served through its subsidiaries. The company offers a broad range of medical and specialty products such as life and disability insurance benefits, pharmacy benefit management, dental, vision, behavioral health benefit services, long-term care insurance, and flexible spending accounts.

Mr. Guzman introduced Hank Hulse, Director Performance Solutions.

Mr. Broad asked if any of their nurses manage direct patient care. Mr. Hulse said their nurses' role is in medical management, so they handle case management and coaching patients by phone. They ensure they are adhering to their medications, look for any complications with prescription drugs, and ensure they are adhering to protocol. Mr. Broad asked how the patients access the nurses. Mr. Hulse said they access the nurses by phone. Mr. Broad asked if the nurses that handle patient care are basically assigned to oversee disease management with chronically ill patients. Mr. Hulse said yes, that is correct.

Mr. Broad asked how the Affordable Care Act may affect this and he wanted to ensure that we are not training people in something that they would no longer be required to do, if the Affordable Care Act is or is not implemented. Mr. Hulse said there are changes occurring now at WellPoint as well as within the healthcare industry, so things are evolving with or without the legislation. There are changes they are already incorporating in-house with both services and products which are driving much of those changes within the system, the products, and their associates. He said the other immense change within the healthcare industry is with the ICD-10 diagnostic codes, which will be a complex and significant change. He said ICD-10 was going to be implemented in 2013 by the healthcare industry, but this date has been pushed back to 2014. He said that even if the healthcare reform does not pass, ICD-10 is a significant change, and it is an international disease classification coding. He said there are currently about 16,000 available codes, and it will increase to about 150,000 codes. This will significantly change their systems and the way their associates handle analytics as well as some of the tools that they will use to manage the new disease codes.

Ms. Roberts said that the cost per trainee is fairly low and the wages are fairly high, which is positive. She said individuals are primarily administration staff in one way or another, whether they are nurses or customer service representatives and they work in an office, is that correct? Mr. Hulse said yes, that is correct. Ms. Roberts asked if any of them work in a hospital. Mr. Hulse said no, they do not. Ms. Roberts asked how many facilities are located in CA. Mr. Hulse said they have several locations in CA but he believes that under this application, they have targeted specific locations. Ms. Roberts asked if Thousand Oaks is their headquarters and if they have multiple phone banks across CA. Mr. Hulse said the company headquarters is in Indianapolis and he is based in Thousand Oaks; some of their larger CA offices are located in Thousand Oaks and Woodland Hills.

Ms. Roberts said, so here is why I am asking that question, I'm going back to SC. So you got over \$300,000 in a prior project, and I want to make sure that now that you are requesting \$381,000 in this proposal for over \$700,000 including a recent project, you may come back to the table in a couple of years and say, well those were at different locations, and we are not under obligation of a SC, so is the primary focus of this project going to be in Thousand Oaks, or is it scattered across the other locations or has an equal amount in each one of those locations? Mr. Hulse said it is really focused on the locations where they have the associates that they are targeting for the specific training that will be impacted by the claim system changes; so claims, customer service and the RNs that are impacted by the changes are targeted. There are clinical applications that are changing or migrating from a number of applications right now to an integrated claims and disease management system as well as with the ICD-10. So for those

locations that have those associates in those job roles, we are targeting the majority of folks in CA within those jobs. Ms. Roberts asked how many locations they have under this proposal. Mr. Hulse said there are about five locations under this proposal. Ms. Roberts was concerned about training at multiple locations in multiple cities such as Buena Park, Thousand Oaks, Ventura, and Sacramento. Mr. Hulse said the bulk is within Thousand Oaks, Woodland Hills, Newbury Park and Pomona. Ms. Roberts said, and I don't know if we need to know the number, this is just for future reference when you come back to the table again.

Ms. Roberts said if the location in the prior proposal was only at the Thousand Oaks location, and employees at Thousand Oaks would be trained again in this proposal, she assumes they would be under a SC requirement. Mr. Guzman said that the designation of only the Thousand Oaks location actually is inaccurate, as there were multiple locations in the prior contract, and only one location was listed in the Panel Packet. Mr. McMahon said any single facility would have to meet the \$250,000 over the last five years to trigger the SC requirement. Mr. Guzman said that is part of the standard review of the staff, as they receive a report that lists the individual locations and the amount earned by participants from those locations.

Mr. Broad said the problem with the SC is that the smaller the company, the more likely that they are going to have to make a SC on repeat contracts. The bigger the company, the more locations they have, and the wealthier they are, the more they can afford to do it themselves; therefore, the less likely that they will have to make a SC, and that is just wrong. It should not happen that way, it should happen the other way. He said the bigger companies for example, like companies such as Blue Cross and WellPoint, could afford to make a SC on the very first contract. Mr. Broad said this is an argument that goes well beyond WellPoint, and he said he did not have a problem with their proposal. He said he wishes WellPoint was making a SC because he believes they could afford it. He is not going to impose a SC, but said this SC issue keeps coming up. He said the SC policy is off and it needs to be fixed. Mr. McMahon said one of things staff did this year, Mr. Chair, is in addition to the SC impact at the facility level, we are capping the overall dollar amount that can be allocated to any single employer. Mr. Broad said yes, but that is more due to the recession and we do not have enough funds coming in to ETP. He said the actions we have taken are more in response to our income being down substantially from around 2008. He knows staff is working on the SC and we have increased it, but it still has perverse incentives attached to it and this is his concern.

Ms. Roberts said, so it has nothing to do with you personally, this is what she read in the Panel Packet. She needed clarification on what we meant by SC, which is why she was asking what locations are you going to be training at, because there are rules about the amount and the amount appeared to be over the amount allowed, and that was her question. But the Chair has a big concern, we all have that concern. Our funds are way down, so we need to make sure that the larger employers are stepping up to the plate if they are coming back for multiple contracts to pay part of that training. Mr. McMahon said ETP's regulations establish that range of SC that can be applied in the first instance and in additional instances beyond that, and the Panel does have the discretion to move from 15 to 50 percent after the second SC allocation. Mr. Broad said yes, perhaps we have to implement something such as if a company's value exceeds a certain dollar amount, they make a SC. He said that at some point, he has concerns when large, wealthy companies such as AT&T or Coca Cola come to ETP to request training which they can clearly afford to do on their own. He said these companies have a right to access ETP funds and they should have a right to access our funds. On the other hand, there

are some relatively large companies, not Fortune 100 sized companies, perhaps regional companies with two locations. He said they may only have two locations to train people, and they will be hit with a SC on a repeat contract, and they are much more likely to have to do that, and they may or may not be able to afford it but certainly they are not in the same range. He said if a company such as Microsoft came to the Panel they could make it so that they would never have a SC because they could have 100,000 offices and that is his worry. Ms. Roberts said maybe we will go back to looking at the company versus a location; it may be something we may want to think about. Mr. McMahon said we have statutes and regulations regarding the SC. Mr. Broad said they could be changed if necessary.

**ACTION:** Ms. Roberts moved and Mr. Broad seconded approval of the Proposal for WellPoint in the amount of \$381,000.

Motion carried, 7 – 0.

### **Bergelectric Corp.**

Creighton Chan, Manager of the Foster City Regional Office, presented a Proposal for Bergelectric Corp. (Bergelectric), in the amount of \$424,310. Bergelectric provides large scale industrial electrical contracting nationwide. Bergelectric is currently one of the top six largest electrical contracting companies in the United States, employing over 1800 employees nationwide. Bergelectric supports clients throughout the nation.

Mr. Chan introduced David Nelson, Safety Training Director.

Mr. Broad asked if journeyman electricians are included in this proposal, or if only office staff is receiving the training. Mr. Nelson said training would scope across not only their office staff but also staff in the field. He said the training focus in this effort is to help line journeymen and foremen to better communicate on the job and with their customers as well as other tradesmen. Mr. Broad asked if they have any unionized employees. Mr. Nelson said no, they do not. Mr. Nelson said another large focus of their training effort is a new program they are developing for continuous quality improvement. This is a major focus in the industry overall, and it identifies the competitiveness of the local companies. He said they are getting some pressure from other national contractors that they compete with in other markets that are moving into this area and that already have these programs in place. So this is really an important focus for them to try to improve the quality of their product and the quality of the customer experience.

Mr. Broad asked with regard to your contract negotiations with the consultant for development services, if they have already paid a flat fee of \$20,000. Mr. Nelson said they have paid 50 percent of the fee. Mr. Broad asked when they will pay the remaining 50 percent. Mr. Nelson said as soon as the proposal gets approval from the Panel. Mr. Broad asked if the development fees are paid from their funds and wanted to ensure they were not being paid from ETP funds. Mr. Nelson said the development fees are paid directly out of their own funds. Mr. Broad asked if the \$20,000 fee was purely for the development of the application and not for any training or administration of the project. Mr. Nelson said that particular fee was to assist him in getting to the point of standing before the Panel today. Mr. Broad asked if they negotiated about the fee. Mr. Nelson said there were some negotiations, but not so much a numerical negotiation in terms of the actual cost. He said he is not what you would call a professional educator, but rather a

skilled tradesman. He has been in the electrical business for 41 years and holds licenses in four states and masters' licenses. He is a certified CA electrician and he has been running training programs in CA and throughout the company for six years. Mr. Broad said his line of questioning has nothing really to do with Bergelectric personally, it has to do with an ongoing issue the Panel has with development fees, and he is moving toward getting to the bottom of it. Mr. Broad said he will be asking questions from a number of people today as the Panel prepares to contemplate what we are going to do about development fees, if anything. He asked for an estimate of how many hours the consultant spent on the development of the proposal for the cost of \$20,000. Mr. Nelson said it was difficult for him to estimate the hours, given the consultant's experience in doing this and his lack of experience at doing this. He presented this idea to the corporation originally about six years ago when he first began in his position. At that time, considering the consultant he was using and his knowledge of the program, the program presented as being too difficult to manage because of the way that it was structured at that time. He said this was brought back to him last year by an existing consultant of theirs that is developing their best in class. He said they brought consultant Hunter in with the hope of expanding their overall training programs, and he was recommended. He said he went on a quest of vetting his performance and that is what he was concerned with, and also with him being able to secure the funds. He already has the plans, and they already spend a significant amount on training every year throughout their company, because 46 to 47 percent of their business is in CA overall. This is where he is headquartered, and really their training programs are on an ongoing basis, and project development training is really fairly significant already. This is moving in a couple of different areas, and he really wanted to try to get this accomplished in a short time so they can beat the competition. Quite frankly, he convinced the owners of the company that he works for, that the expenditure of the funds was a worthy expenditure and they said okay, there is only one thing we want you to do; negotiate the point that if he fails to secure this particular funding grant, we are not going to pay the other 50 percent of the fee. He said it is a performance-based negotiation more than anything and they gave him \$10,000 up front to sign the contract.

Mr. Broad said okay, he did what consultants do. Mr. Nelson said there was a significant amount of communication between them in advising him of the structuring of the numbers, did he think he was biting off too much, because his numbers were a little higher, on version 7, 8, or 9 in the application before we actually submitted it, and it got massaged back and forth and with his guidance I believe we have a very good program, and this is very targeted at where they need to do some significant training. Mr. Broad asked how many hours he would estimate that he spent on the phone with the consultant. Mr. Nelson said since last September 2011, there have been five face-to-face meetings at his office and approximately 12 to 15 phone calls, and a number of email communications. Mr. Broad said he would hate to think that this cost \$2,000 per hour, and said he would be very jealous if that were the case. He thanked Mr. Nelson for being willing to answer his questions and said it would be further explored as the day goes on.

Ms. Roberts said it is a great contract and she loves all the recommendations and accolades they have about veterans and that their average cost per trainee is good. One thing she had a question about is, so they have a consultant that did the preparation for \$20,000 but they have no administration costs involved. She said the reason she is asking this, is that it sounds like they have all their training buttoned up, they have been doing it many years, and understand the rosters and reporting, but the reason she questions it is because there are six different job descriptions, all under different criteria, and to manage that group of people, most have two

different job descriptions. She said they have a large list of people that will all go under different reporting mechanisms, and asked how they will manage that. Mr. Nelson said he has been pushing this for a number of years and his particular job was added to early last year, and he assumed some roles and is overseeing and managing the safety program as well. He has a full time administrative person now, which he previously did not. His employers have agreed to allow him to hire another administrative staff that will spend about 50% of their time specifically doing the administrative documentation to assist him in this. The majority of these folks he communicates with on an ongoing basis, he sort of serves as an in-house consultant to the company on a number of different things. His background of being an electrician gives him a lot of technical knowledge as well as safety in terms of how they manage this particular issue, rather than how do they comply; that is pretty clear. He said in terms of their employment training development program, he is regularly on the phone with offices around CA, in particularly Los Angeles and Sacramento and back East. Ms. Roberts said this is a great application but she was worried about the administration of it since there is so much involved in training in six different job descriptions. Mr. Nelson said he is clear about how involved the training will be. Mr. Broad said this is an excellent contract. He said they did very well since they paid their consultant 4.8% of their total project but the next company representative that used this same consultant, a non-profit company, paid 15.2% and they did not do so well; that is the problem. So I congratulate you; I however feel sorry for the people who paid 15.2% and are a non-profit, and we are going to do something about it.

**ACTION:** Ms. Fernandez moved and Mr. Rendon seconded approval of the Proposal for Bergelectric in the amount of \$424,310.

Motion carried, 7 – 0.

### **Emulex Corporate Services Corporation**

Mr. Guzman presented a Proposal for Emulex Corporate Services Corporation (Emulex), in the amount of \$175,150. Emulex is a leading manufacturer of technology host servers and embedded storage products, and a global provider of a broad range of network convergence solutions that connect servers, storage and networks within a data center (cloud).

Mr. Guzman introduced Melissa Moore, Senior Director of Human Resources.

There were no questions from the Panel.

**ACTION:** Ms. Roberts moved and Ms. Montoya seconded approval of the Proposal for Emulex in the amount of \$175,150.

Motion carried, 7 – 0.

### **National Community Renaissance**

Mr. Guzman presented a Proposal for National Community Renaissance (NCR), in the amount of \$132,000. NCR is a private nonprofit corporation (that has elected status as a tax rated employer for Unemployment Insurance) dedicated to providing quality affordable housing apartments for low-income and at-risk families. CORE is a comprehensive development

organization that oversees the entire project from acquisition, development and construction, to property management and social services.

Mr. Guzman introduced Tracy Thomas, Chief Operating Officer.

Mr. Broad said he was happy to vote for this proposal, but he wanted to focus on this question of development fees. He asked if they also paid a \$20,000 development fee to the same consultant. Ms. Thomas said yes, they did. Mr. Broad asked if that amount was paid up front and paid in full. Ms. Thomas said yes, that is correct. Mr. Broad said today if this proposal is approved and that work is completed, you will have no more relationship with the consultant, correct? Ms. Thomas said the consultant will be helping them with the administration of the grant, making sure that they are complying with the hours that they will be expending on the training. Mr. Broad asked if that is an additional cost to the company. Ms. Thomas said no, it is not an additional cost. She said they are new to the ETP program, and the consultant has told them he will ensure they are in compliance and correctly delivering the training. Mr. Broad said yes, that is what consultants do.

He asked if Ms. Thomas was present for the Bergelectric proposal that was presented two projects ago regarding consultant fees. Ms. Thomas said yes, she was. Mr. Broad said they are training 160 employees and Bergelectric was training 610 employees. He asked if she believes if there was a substantial service rendered by this consultant for the same development. Ms. Thomas said she was unsure of the services the consultant provided the previous candidate, but she can attest to the services he provided them. She said they are very happy with his services and it involved at least five in-house meetings with their HR department, as well as other departments that would be benefitting from the training program. She said there were also several phone conversations in how to prepare the application for training, so they are very pleased with the services he has provided. She said they had originally applied for a larger dollar amount and that training was based on the larger dollar amount but things have changed in terms of how they are supposed to come forward and apply, so the funds they are applying for now is a lesser amount. Mr. Broad asked if they had planned on training more people. Ms. Thomas said yes, they did. Mr. Broad asked for an estimate of hours spent in working with the consultant. Ms. Thomas said because they are new to ETP there was a big learning curve. She said amongst three people that included herself, the training person as well as the Vice President of HR, they probably spent between 40 to 60 hours combined at least. Mr. Broad asked how much of that time was spent with a consultant. Ms. Thomas said a good one-third of that time, 20 to 30 hours, were spent with the consultant.

Ms. Roberts commended NCR for the work they are doing around the housing situation, and said it was great. She thanked Ms. Thomas for her comments around Mr. Broad's questions about consultants, and said it really helps the Panel to clarify the situation. She said it is something the Panel is working on, consulting fees, and we believe they are way too high for the amount of work that is done. She said she develops contracts frequently for her company, and it is quite easy, so she believes there is not that much work involved.

**ACTION:** Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for NCR in the amount of \$132,000.

Motion carried, 7 – 0.

Mr. Broad said here is what he is going to suggest. Obviously we do not want to be the heavy hand of government unless we have to be the heavy hand of government, so let's start dealing with this by the simple way of letting the market work. He said the best way that markets work is with market transparency. So his suggestion, if the Panel agrees, is that we will post the consultant fees and the percentages on ETP's website, and we will direct our applicants to look to see how much these consultants charge because really what the situation here is that in some of these circumstances businesses are being taken advantage of. Now it is not the government's job, in his opinion, to save everyone from themselves but if people have the information about costs and are informed to make a decision to spend on whatever they want to spend, in a sense that is fine. He believes that they should at least have access to the information. He is going to request that ETP staff post this information on the Internet. With this particular consultant, the percentage of the contract varies from 3 percent to 20 percent. He said there may be a rational basis for the cost variance, but he was not sure, and he said that he could not see it.

### **Associated Third Party Administrators**

Mr. Chan presented a Proposal for Associated Third Party Administrators (ATPA), in the amount of \$230,400. ATPA administers benefits for Taft Hartley Multi-Employer Trust Funds. The company specializes in administration of Collective Bargaining Agreements (CBA) with clients that are Labor Management Trust Funds and benefit plans. For example, administration includes ensuring that the rates employers pay toward pension funds are consistent with CBAs. ATPA's staff provides services in managing an administering employee benefit contributions, adjudicating (judges whether or not a medical or dental claim is paid based on the Trust Fund's plan rules), and processes benefit claims, and maintains customized records for ancillary programs (such as apprenticeship, group legal, training funds, dues and labor management funds).

Mr. Chan noted a correction on the ETP 130 on Page 1 of 5. The turnover reflects 16% which is incorrect; the correct turnover is 9%. He said with the previous calculation, they inadvertently included retirees and temporary workers, so in following ETP regulations, it is down to 9%.

Mr. Chan introduced Richard Stierwalt, Chief Executive Officer and Stacy Proctor, Vice-President, Human Resources.

Mr. Broad asked for clarification of the ICD-10 coding. Mr. Stierwalt said ICD-10 coding is international healthcare codes, so when a provider talks to a payer, whether it is a trust fund or an insurance company, they talk in code such as a patient's broken hip. He said the codes are being further broken down to designate what part of the hip the patient broke and if they actually fractured it. So the coding breaks it down into little pieces in identifying what the procedure was. He said the codes are used around the world and Jamaica and Norway updated ICD-10 codes about 20 years ago, and the United States has not. He said we are so far behind; there is a large gap that the United States must make up since we have not done anything for 20 years. Mr. Broad said, so basically it is a big computer reprogramming matter which requires retraining because you are now dividing up the body into more sections. Mr. Stierwalt said yes, and that the procedures are further broken down in order to identify them more. Mr. Broad thanked him

for the ICD-10 clarification. Ms. Roberts said it is all based on what the insurance will pay or not, which is why it is broken down into more codes.

Ms. Montoya asked if they are working with private unions. Mr. Stierwalt said they are working primarily with building trades, Oakland school teachers and Hawaii school teachers. He said they have some public business, but 90% of their business is private. Ms. Montoya said so you are not really negotiating contracts, you are just serving them? Mr. Stierwalt said they are just administrators and they do not negotiate contracts, although they have five Collective Bargaining Units of their own for their 300 employees in CA.

Mr. Hart asked if they represent any unions under the International Union of Operating Engineers umbrella. Mr. Stierwalt said yes, they represent the largest Local in the country, Local 3, and said they do all of their work. Mr. Hart said he then must recuse himself from discussion and action on the ATPA proposal.

**ACTION:** Mr. Rendon moved and Ms. Roberts seconded approval of the Proposal for ATPA in the amount of \$230,400.

Motion carried, 6 – 0 - 1 (Mr. Hart recused).

### **Integrated Device Technology, Inc.**

Mr. Chan presented a Proposal for Integrated Device Technology, Inc. (IDT), in the amount of \$495,000. IDT designs, manufactures, and sells components for personal computers, servers, and communication devices (i.e. internal components for Android phones, tablets, and 4G/LTE base stations). The components consist of memory, power management devices (such as wireless charging pads for phones and tablets), and internal timing devices used in products manufactured by companies such as Dell, HP, IBM, Cisco, Nokia, Alcatel Lucent, Samsung, Ericsson, and Sony.

Mr. Chan introduced Einat Orlev-Dolev, Senior Manager of Talent and Organizational Development and Anna Johnson, Senior OD Consultant.

There were no questions from the Panel.

**ACTION:** Ms. Roberts moved and Mr. Rendon seconded approval of the Proposal for IDT in the amount of \$495,000.

Motion carried, 7 – 0.

### **Claude Laval Corporation dba Lakos Separators and Filtration Systems**

Rosa Hernandez, Manager of the Sacramento Regional Office, presented a Proposal for Claude Laval Corporation dba Lakos Separators and Filtration Systems (Claude Laval), in the amount of \$198,680. Claude Laval manufactures and markets proprietary filtration systems. Components of the systems include heat transfer, irrigation, industrial, and ground water products. Customers are in the agricultural, heat-transfer, and industrial markets, both domestically and internationally.

Ms. Hernandez introduced Nasrim Fletcher, Chief Financial Officer.

There were no questions from the Panel.

**ACTION:** Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for Claude Laval in the amount of \$198,680.

Motion carried, 7 – 0.

### **Rabobank, National Association**

Ms. Hernandez presented a Proposal for Rabobank, National Association (Rabobank), in the amount of \$240,000. Rabobank provides banking services to individuals, businesses, agri-businesses, and other select institutions across the United States. The bank meets the financial needs of local families, businesses and organizations with banking products such as dairy and livestock loans, inventory financing, business loans, equipment leasing, personal banking, and retirement.

Ms. Hernandez introduced Tonya Hamlin, Senior Vice President and Director of Learning & Organizational Development.

Ms. Roberts said has noticed there were not many customers at a local Rabobank branch. Therefore, she researched Rabobank and said that they received a JD Power award in retail banking, and she was very pleased to see that. She asked if they do a great deal of online banking. Ms. Hamlin said they have a very diversified business and depending on the branch, you will not find many customers in the branches. She said that one of reasons that they won the JD Power vote is when people do enter one of their branches, they get attention. She said is personal service and one-on-one. She said most of their branches have seats where you can actually walk into a branch and sit down, and have an exchange and get help from the people that are providing that service. She said you will not see Rabobank everywhere locally; she said they have one branch in Roseville and their footprint is primarily located in Chico and Napa. They are very involved with their community and they spend many dollars on community events. She said she was excited about their involvement in Tour California, which is an event that takes place soon. She said many of their bankers are out in the field and not in the branches but on the farms and visiting people's businesses.

Ms. Roberts said they have 400 employees and multiple locations and warned that the intricacy of maintaining and administering this grant could be very complex. She said she noticed they do not have a consultant involved in this proposal. She said she is pro-consultant, especially if companies are not sophisticated enough in-house to do it, and said she is a big proponent of that. Ms. Hamlin said this is her third experience with ETP and that her involvement with the first ETP proposal was over 10 years ago. She said she provided the programs and did not actually do the background; she said they all had to do administrative pieces. She said Rabobank has a learning coordinator, Joe Gray, and that he is her anchor and the one that will manage it. She said they also recently adopted the global LMS and will utilize that as a tool and training the other entities that deliver training. So they have a plan and they know what is in store for them.

Ms. Montoya said Ms. Hamlin was an excellent representative for Rabobank and she has met several people from Rabobank in the city which she resides. She said they are in the community and she has seen monies coming in to the communities for charities from Rabobank even though it was brand new. She said she hopes they continue to grow in CA and to have more individuals employed in CA, and that is exactly the type of companies the Panel wants to come to ETP for funding. Ms. Hamlin said they were rather conservative this round because she wanted to be careful, but she hopes that they can continue to work with ETP because they have training needs; and when those community banks all come together as one, it is very challenging.

Ms. Farris asked if they are a state-chartered bank. Ms. Hamlin asked for clarification of a state-chartered bank. Ms. Farris said state-chartered banks are licensed and regulated by the State of CA versus the Federal Government. Ms. Hamlin said their retail banks in the United States are only in CA, which could certainly change in the future. She said they are located in many other countries, so she is making an educated guess to answer Ms. Farris' question that they are a state-chartered bank. Ms. Farris asked about the turnover rate for managers and supervisors that are stated as N/A in the ETP 130. Mr. McMahan said N/A means that managers and supervisors would not be participating in the project.

Mr. Broad asked where the bank originated. Ms. Hamlin said they began 114 years ago in the Netherlands. She said they are based and headquartered out of the Netherlands, they are privately owned, and it is an excellent organization. She said they are the eighth safest bank in the world, on the list of being one of the most ethical and one of the largest banks certainly, but they are privately held so the shareholder is in the Netherlands and it is a cooperative.

**ACTION:** Ms. Montoya moved and Ms. Roberts seconded approval of the Proposal for Rabobank in the amount of \$240,000.

Motion carried, 7 – 0.

### **Saputo Cheese USA, Inc.**

Ms. Hernandez presented a Proposal for Saputo Cheese USA, Inc. (Saputo), in the amount of \$243,000. Saputo is a major producer of Blue Cheese, Mozzarella, Provolone, and whey products. The company's customers include Round Table Pizza, Papa Murphy's Pizza, Wal-Mart, Sam's Club, Costco, and an array of grocery chains.

Ms. Hernandez introduced Stephanie Thiessen, Regional Human Resources Manager.

Ms. Montoya said they are obviously based in the dairy country, but said they have employees here and they are working with the restaurants here. She asked if they have considered exporting North of Long Beach since it is the export capitol and perhaps expanding business and growth in CA. Ms. Thiessen said they have a plant in Los Angeles in Southgate but the problem is getting milk over the grapevine since most milk comes from Tulare down to Los Angeles. She said, therefore it is difficult to expand in Los Angeles so if they expand, they would most likely expand in the Central Valley. Ms. Montoya asked about exporting out of the country. Ms. Thiessen said they recently acquired a company last year and they obtained about

140 different export licenses for specialty cheeses, so she is sure that they will see some more exporting going out of CA.

Mr. Broad said he was very impressed with the wage levels. Ms. Thiessen said wages are very important to them and the company is strong on family values and ensuring they pay good wages. Mr. Broad said many companies are strong on family values, but are not paying good wages and it is nice to know that the two can be seen as linked.

Ms. Roberts asked where they are located in Tulare. Ms. Thiessen said they are located in Tulare adjacent to Highway 99, located right behind the Haagen-Dazs plant.

**ACTION:** Mr. Broad moved and Ms. Montoya seconded approval of the Proposal for Saputo in the amount of \$243,000.

Motion carried, 7 – 0.

### **Schilling Robotics, Inc.**

Ms. Hernandez presented a Proposal for Schilling Robotics, Inc. (Schilling), in the amount of \$240,408. Schilling designs, engineers, manufactures, services, maintains and repairs remotely operated vehicles, subsea robotic systems and subsea controls. Schilling mainly manufactures ultra heavy duty and heavy duty systems and equipment used in the subsea industry. Schilling customers include equipment operators involved in survey, construction, pipe laying, geological exploration and other subsea activities.

Ms. Hernandez introduced Paul Gleisner, Global Training and Development Manager.

Ms. Roberts said there are many training vendors involved in this proposal and asked if they will train their employees because they have no internal training staff. Mr. Gleisner said they do have some specialist equipment they will bring in; he said they need specialist people to do that training for them. Once their people are trained and competent on it, they would like to be in the position of delivering it themselves within their company.

**ACTION:** Ms. Montoya moved and Ms. Fernandez seconded approval of the Proposal for Schilling in the amount of \$240,408.

Motion carried, 7 – 0.

### **Western Milling, LLC**

Ms. Hernandez presented a Proposal for Western Milling, LLC (Western Milling), in the amount of \$174,600. Western Milling formulates produce and delivers animal feed for livestock and companion animals in the Western United States. Products include mineral and liquid supplements, bulk commodities, complete dairy mixes and a line of sack feeds. Services include nutrition consultation and delivery to customers located both inside and outside of California.

Ms. Hernandez introduced Aubrey Michael, HR Director.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Hart seconded approval of the Proposal for Western Milling in the amount of \$174,600.

Motion carried, 7 – 0.

## **Multiple-Employer Contractor Proposals**

### **Technology Council of Southern California**

Mr. Guzman presented a Proposal for Technology Council of Southern California (TCOSC), in the amount of \$199,306. TCOSC is the premier forum for the region's technology companies providing events, connections, information and resources to help them succeed. The TCOSC has a long history of supporting technology companies throughout the region. Its two flagship events, VentureNet and the annual Industry Awards, are regarded as among the most influential technology events in the region.

Mr. Guzman said TCOSC has selected Saisoft Incorporated to deliver 100% of training in this agreement. Saisoft will use Webex and Citrix software to deliver both live, instructor-led, online training over the Internet. TCOSC has also retained Saisoft to provide 100% of their administrative services.

Mr. Guzman introduced Catrina Luedtke, Executive Director and A.K. Thakore, President of Saisoft.

Mr. Broad said the two projects utilizing Saisoft to deliver the training seem to be identical; this proposal and the next one to be presented. He said a red flag goes off when he sees something identical. Mr. McMahon said what we see from a staff standpoint is that including the two projects today, we will have nine active proposals with the Saisoft model, that are identical largely project-to-project. He said that the Saisoft model produces high performance results, it has been very good, and the training seems to be high in demand in the marketplace. From a staff standpoint, since ETP has invested so significantly in this model, we believe it would be prudent on our part to do a thorough evaluation of the training model itself. He said they plan to talk to trainees and participating employees, in order to get some sense as to the online sessions, the ratios in those sessions, and make it clear to the Panel that we have done some due diligence in terms of our investment at the level we have in this model.

Ms. Roberts agreed with Mr. Broad and said yes, because in a sense Saisoft is getting all of the money. They are getting the money for the computerized training, for administration fees, and probably support costs. So the Panel is wondering if ETP funds are really going to TCOSC or are if all of the monies are going to Saisoft at this point. Ms. Luedtke said their organization wants to help their member companies to advance with the training, and several of their board members know A.K. Thakore very well. She said that obviously he is a member of their association and he has great recommendations. She has also talked to other groups that he has worked with and he came highly recommended and they felt very safe in moving forward. Also, Mr. Thakore's participation and leadership removes the pressure on their staff time to do a

lot of the administrative work, so when they considered that, they believed it was a plus in working with his company.

Mr. Broad said, so when it says application development with Android programming or application development with iPhone programming, is this actually telling people how to make applications that will be bought by customers or is this telling them how to download. Mr. Thakore said no, it is programming. He said they start with Objective C going all the way from programming to actually developing the applications for that platform, and for the Android program; they start with job or basic programming all the way to advanced Android. Mr. Broad said he believes it is fair to ask the staff to review this model if we are approving it a lot, and without prejudice to Saisoft, he said he wanted to ensure we are getting our bang for the buck and that it is a good working model and providing training that people need. He said obviously you have a model that you are moving from place-to-place and not customizing. He said usually the multi-employer entity has the model, like we are the Industry Council of Bakersfield, and all of the electrical contractors come to us because we do the specialty electronic industry training. He said Saisoft has something unique here, which they are going from associations to associations and are plugging in a model that they are all using which is a little different than what the Panel has seen in the past. He said it does not make it bad, it just makes it different; the Panel is not afraid of change, but we like to review things, so we are going to do that.

**ACTION:** Ms. Montoya moved and Ms. Fernandez seconded approval of the Proposal for TCOSC in the amount of \$199,306.

Motion carried, 7 – 0.

A. K. Thakore, President of Saisoft, wished to provide comments after the TCOSC proposal was approved. He said the total number of active contracts they now have number what Mr. McMahon mentioned; however, they have completed all of the training on all of the past contracts and they are only currently training under the ET-12 contracts. So all of the past contracts, ET-11 and before, have completed the training and there are no more funds left in any of those contracts. In fact, on all of the ET-11 contracts, they have completed retention. Mr. Broad said here is the other concern, just so you know, and said he would be very blunt about it. If you were a training school, an entity like some of them are, we would never approve the number of contracts that have been approved. So the question is whether with all due respect to you, if you are in effect, from the training perspective, a sort of empty shell that his business fits into. Then we are allowing you potentially to take your business model where your competitors would not be allowed to take their business. Mr. Thakore said it is wide open and any company could enter into this kind of contract. Mr. Broad said after today maybe somebody will. In other words if you were to say I'm opening up Bob's Training Academy and you were to come here with this many proposals, we would not approve this many proposals for you. So what is happening is that there is a sort of a melding of the training entity model with the multi-employer model; it is getting mushy, and it is something we need to review.

### **TechServe Alliance – So Cal Chapter, Inc.**

Mr. Guzman presented a Proposal for TechServe Alliance – So Cal Chapter, Inc. (TechServe), in the amount of \$199,306. TechServe is a collaboration of Information Technology (IT) services firms, clients, consultants, and suppliers. TechServe's two-fold mission is to help

member companies achieve their business goals, and to foster the growth and advancement of the IT services industry.

Mr. Guzman introduced Glenn Crawford, Executive Vice President and A.K. Thakore, President of Saisoft.

Ms. Roberts said yes, both of these proposals are identical from the amount of monies, supporting costs, in-kind contribution, and the training curriculum. She questioned how that could be, from one company to another, with different types of business. She said she reviewed who their employers were, and thought perhaps she would see duplication there, but did not see duplication. Mr. Crawford said there might be some companies within the organization that might be clients of theirs. He said they provide the talent and companies come to them that have an initiative, may want to build a new financial system, a new HRIS system, a website or perhaps a new employee benefit system. They might come to them and say they need nine people with Java skills for a year and a half long project. He said they do not want to hire those people because they know after a year and a half there will be no work for them or they may not have the resources in-house to cover that amount of work. It may be something new such as what you asked about regarding iPhone development. iPhone development is done on something called Objective C, meaning companies do not have that skill set in-house. They will come to them and they provide that talent either on an assignment basis or the company may hire them as a full-time employee. His job at TechServe is completely voluntary and unpaid work. He said he is an executive in a firm which is a member company firm, called Surrex Consulting. In that firm, they also have a solutions practice so the firm could be Nestle, Direct TV or Live Nation, and they might come to them to request that they build something for them. He said they might not work on how to build it; we want you to build it for us. It is incumbent on them to work with people that have been educated and have a certain level of competency in that skill set, and then if they are able to augment that with any kind of ongoing training, it allows them to keep those people either working longer at a place where they may be at or put them in the next place that has a need for that, so training is very important and a very critical component.

Ms. Roberts asked if they charge the employees for that service. Mr. Crawford said no, they do not charge them for that service.

Mr. Broad said so the member companies of your organization are all companies that supply people, but each company that is a member has a different set of talent available to it. So if somebody comes to the association and says I need to build such and such platform, then the association says, in looking at our member companies, we have company A, B and C. This company does this, and this one does that, and you can assemble it together by hiring one or more than one, is that similar to what they do? Mr. Crawford said no, not at all; they are friendly competitors that share in best practices, legal initiatives, lobbying efforts, and in ongoing training and webinars in their business. They also strive to perform at a high standard of ethics and performance in their industry. So being a TechServe member means that you have committed your company to operate at a high level of standards, and they also share best practices, legal, lobbying training together; but he competes with other firms that belong to the same association. They are not boutique in any fashion. For instance, his organization is not limited to providing Objective C developers or Java developers; in fact change is good for them, and change is inevitable. With every bit of change comes new opportunity because the clients will not have

that skill set. Mr. Broad said, so the association is that umbrella, it's just a basic trade association in a sense? Mr. Crawford said yes, it is a trade association. Mr. Broad said he thought he understood the representative to say that other companies come to the association to get referrals, or some temporary help, and that that is where he was confused. Mr. Crawford said it is a split, but probably the majority of work that is done by the association members is what they call on assignment. These are highly skilled, highly technical technologists for whom the company does not have enough bandwidth in their organization for whatever reason. Mr. Broad said he understood that; what he was trying to figure out is what is this entity that we are giving money to and what does it do. He said he thought Mr. Crawford said that the entity itself provides some kind of service not to the member companies, but to outside companies that come to the association for something, but said he must have misunderstood. Mr. Crawford said no, outside companies do not come to the association for something, the member companies provide these services to the outside companies. Mr. Broad said, so you are like a classic trade association that we give money to, in order to train its members, and said that is what he was trying to clarify.

**ACTION:** Mr. Rendon moved and Ms. Roberts seconded approval of the Proposal for TechServe in the amount of \$199,306.

Motion carried, 7 – 0.

### **The Glendale Chamber of Commerce**

Mr. Guzman presented a Proposal for The Glendale Chamber of Commerce (Glendale COC), in the amount of \$748,381. Glendale COC is a non-profit member organization comprised of small business owners, corporate representatives, community leaders, and members representing various professions. Today the Glendale COC has over 800 members and is an organization committed to sound, stable economic growth, working to increase productivity by encouraging growth of existing businesses and nurturing new enterprises with training opportunities.

Mr. Guzman noted a correction to the ETP 130 on Page 6 of 6. Under Administrative Services, it states a fee not to exceed 13% of payment earned; the correct amount is 10%.

Mr. Guzman introduced Judee Kendall, Executive Vice President.

Ms. Roberts said they are requesting double the amount over the last proposal, and they are still under the current contract now. She asked if they have doubled the amount of participating employers. Ms. Kendall said they expect to complete their first contract in June and currently marketing the program. They have a number of members and board members that have participated, so they do believe they have the resources and the potential to use that full amount. Ms. Roberts said yes, because there are many aerospace companies listed and the space program is down at the moment, and wondered about other participating employers. Ms. Kendall said they have other manufacturing companies in the area, both in Glendale and Burbank, they have a fairly strong manufacturing environment, and it does not include only aerospace companies.

**ACTION:** Ms. Roberts moved and Mr. Rendon seconded approval of the Proposal for Glendale COC in the amount of \$748,381.

Motion carried, 7 – 0.

## **The Parents of Watts Working with Youths and Adults Inc.**

Mr. Guzman presented a Proposal for The Parents of Watts Working with Youths and Adults Inc. (POW), in the amount of \$246,600. POW is a community sponsored, multi-functional social service program located in the Watts/Los Angeles area. Originally created in response to growing levels of ethnic tension and violence between African American and Latino communities, POW's initial goal was to establish dialogue and cultural understanding between these two groups. Today, POW has evolved into a multi-purpose community center that focuses on the fundamental needs of residents in the South Central section of Los Angeles. Among its many services, POW provides job training and placement, parenting classes, food and shelter assistance, and youth services.

Mr. Guzman introduced Alice Harris, Executive Director and Kevin McCray, Owner of K. Line Fire Equipment Co., Inc.

Mr. Broad said since ETP basically pays based on retention of people, he was encouraged to hear they have the jobs lined up, which gives him confidence in this proposal.

Ms. Roberts commended the company for all of the work they are doing in the Watts area. She said it is terrific because these are very hard to employ individuals. She said there is no way that the company she works for would employ people that were incarcerated or had any drug issues, so she can say that finding work for these folks and keeping them stable in CA is a wonderful way to go. Mr. Broad said they also earned 100% on their previous contract.

**ACTION:** Mr. Broad moved and Mr. Hart seconded approval of the Proposal for POW in the amount of \$246,600.

Motion carried, 6 – 0 (Ms. Montoya absent for vote).

## **Bay Area Roofing & Waterproofing Joint Apprenticeship Training Committee**

Mr. Chan presented a Proposal for Bay Area Roofing & Waterproofing Joint Apprenticeship Training Committee (Bay Area Roofers), in the amount of \$482,120. Bay Area Roofers is a training arm for the Local 40, Local 81 and Local 95. Each Union Local has its own Collective Bargaining Agreement and JATC has negotiated with a total of 25 signatory employers in 14 counties.

Mr. Chan introduced Daniel Smith, Director of Training and Steve Duscha, representing Duscha Advisories.

Mr. Broad said Bay Area Roofers is ETP's first apprenticeship project. He said they made a great presentation, it is a very solid proposal, and he is very happy to support it. Ms. Roberts agreed that it was great proposal.

**ACTION:** Ms. Roberts moved and Mr. Hart seconded approval of the Proposal for Bay Area Roofers in the amount of \$482,120.

Motion carried, 6 – 0 (Ms. Montoya absent for vote).

Mr. Duscha thanked Ms. Reilly and Mr. McMahon, and particularly Ms. Reilly for shepherding them through the process. He said it had been a long and very thorough process, but it has gotten us to a very good place.

### **San Jose Conservation Corps & Charter School**

Mr. Chan presented a Proposal for San Jose Conservation Corps & Charter School (SJCC), in the amount of \$263,040. SJCC is a non-profit organization and a state recognized Local Education Agency. The school provides disadvantaged youth with the academic education, hands-on learning, and skills to continue their education or enter the workforce.

Mr. Chan introduced Bob Hennessy, Executive Director, CEO.

Ms. Roberts said this is a great proposal, it is their first time to ETP, and she wished them the best of luck. She said as you have seen from the previous proposal, that company already had the jobs lined up for those high risk youth; is that something you are striving towards? Mr. Hennessy said two years ago they formed an advisory board of 17 members who are involved in the unions, corporations, companies and agencies, and their job is to assist them with their own counseling staff to get jobs for these young trainees. He said they also have a board of directors, and their main focus is that once they receive their education, they want them in the job market. He said many of them are single parents and have a very low income, and they need a good wage to be successful and stay out of trouble.

**ACTION:** Ms. Roberts moved and Mr. Hart seconded approval of the Proposal for SJCC in the amount of \$263,040.

Motion carried, 6 – 0 (Ms. Montoya absent for vote).

### **The Corporation for Manufacturing Excellence dba Manex**

Mr. Chan presented a Proposal for The Corporation for Manufacturing Excellence dba Manex (Manex), in the amount of \$749,943. Manex provides services to manufacturers and distributors in four key areas: strategy, people, process, and performance. Types of services provided include: corporate strategy, innovation, strategic planning, marketing, sales, training and development of lean manufacturing, supply chain and logistics, Six Sigma, ISO, performance management and systems implementation. These services help companies gain a competitive edge in the global market.

Mr. Chan introduced Hank Holzapfel, President and CEO and William Browne, Director of Client Services.

Ms. Roberts said Manex has come to the Panel multiple times for funding. She asked for the representative to explain what goes into the support costs that we pay. Mr. Browne said the support costs go toward all 12 of the companies they are contracted with. He said each one is different, so they have to do the qualification, training curriculum, and handle most of the training themselves. He said there are subcontractors involved, roster accumulation submission,

tracking, closeout and retention. They start from the beginning or right through the retention period, and then all of the information is uploaded into the portal for their program.

Mr. McMahon said he believed Ms. Robert's question was more around the support costs, which are the costs of putting in place the structure for the project, and outreach to participating employers as opposed to the administrative costs that we allocate per project. Ms. Roberts said we pay you an extra 8% for the support costs and want to know what goes into that. She said if it was a company that was coming through ETP for the first time, needing some up front costs to get started, that is one thing. But Manex are experts in this business, so she questioned why are we continuing to pay 8% of the costs if they are already good at what they do. Mr. Holzapfel said they do a lot of outreach and marketing to bring companies in. He said they have three-to-four events a month to market to companies to get them into manufacturing. They recently held marketing events in Sacramento, Oakland, and Santa Clara and frequently bring in speakers at the marketing events. Mr. McMahon said that 8% has been our standard percentage that we have been allocating to multiple employer contracts this year for the support costs factor.

**ACTION:** Ms. Roberts moved and Ms. Farris seconded approval of the Proposal for Manex in the amount of \$749,943.

Motion carried, 5 – 0 (Ms. Montoya and Ms. Fernandez absent for vote).

### **Shasta-Tehama-Trinity Joint Community College District**

Ms. Hernandez presented a Proposal for Shasta-Tehama-Trinity Joint Community College District (Shasta College), in the amount of \$180,000. Shasta College is an accredited California Community College designated as a Local Educational Agency for delivery of adult education. The college specializes in workforce training.

Ms. Hernandez introduced Suzanne Clark, Project Director, EWD.

There were no questions from the Panel.

**ACTION:** Ms. Roberts moved and Ms. Farris seconded approval of the Proposal for Shasta College in the amount of \$180,000.

Motion carried, 5 – 0 (Ms. Montoya and Ms. Fernandez absent for vote).

### **Amendments**

#### **Westech College**

Ms. Hernandez presented an Amendment for Westech College in the amount of \$301,436. Westech College is an accredited private vocational school with training facilities in Ontario, Irvine, Carson, Moreno Valley, and Victorville. Westech College specializes in Computer-Aided Design and Drafting (CADD) training.

Ms. Hernandez introduced Barry Maleki, Director and Steve Duscha, representing Duscha Advisories.

Mr. Broad asked if this amendment is identical to what the Panel had previously approved, and if they are returning since they are almost complete with their current group. Mr. Maleki said yes, that is correct. Mr. Broad said they are doing very well on their current proposal.

**ACTION:** Ms. Roberts moved and Mr. Hart seconded approval of the Amendment for Westech College in the amount of \$301,436.

Motion carried, 5 – 0 (Janine and Sonia absent for vote).

## **AB 118 Proposals**

### **Foothill-DeAnza Community College District**

Mr. Chan presented an Amendment for Foothill-DeAnza Community College District (Foothill-DeAnza), in the amount of \$363,636. Foothill-DeAnza was established in 1957 to serve communities throughout the Silicon Valley, is one of the largest community college districts in the United States and provides classes for approximately 43,000 students per quarter.

Mr. Chan introduced Randy Bryant, Dept. Head, Instructor.

Ms. Roberts asked if this proposal includes electric vehicles. Mr. Bryant said the proposal includes electric, hybrid and C&G and later they will introduce propane and likely bio-diesel. He said there is an immediate need now to train, since there are only about five colleges in the Bay Area that are training in automotive technologies. He said the way the budget is now; they cannot add instructors or courses. He said he can only train a very small group of students that need the training. The training is in high demand now in the fleets especially with the current standards, and with the corporate average fuel cost increasing as it is, there is a need for those fleets to transfer into alternative fuels and the pressure on them is great. Ms. Roberts asked if the employers who are asking them to train their folks in this, whether the folks already have jobs. Mr. Bryant said yes, they are already working for the fleets, and training will increase their ability to work and retain their jobs.

Mr. McMahon said as is the case with all of the AB 118 projects this curriculum has been technically vetted by the California Energy Commission staff. Ms. Roberts said it is very difficult to get approved for AB 118 proposals, so they are doing very well.

**ACTION:** Mr. Hart moved and Mr. Rendon seconded approval of the AB118 Proposal for Foothill-DeAnza in the amount of \$363,636.

Motion carried, 5 – 0 (Janine and Sonia absent for vote)

## **X. PUBLIC COMMENTS**

A.K. Thakore, President of Saisoft, said Saisoft is part of several contractors; however, he suggested looking at the facts that would provide greater detail and clarity. ETP contractors for whom Saisoft provides marketing and training services are responding to the high demand that exists for IT training in CA. For example, in each of the two contracts today, the employers in

the core group that account for 80% of the trainees have never received any ETP-funded training in the past ever. Historically in their past contracts, they have averaged only two trainees per employer and that was documented in those two contracts and well over 100 employers per contract. Further, they encounter less than three-to-four percent of employers that pay SC. It is a direct result of their wide marketing reach that they have been able to reach out to employers that can benefit from this and be beneficiaries of the program. He said all this goes to show that high demand exists on an ongoing basis for information technology training, training that leads to high skilled, high wage secure jobs in keeping with ETP's mission. Finally, Saisoft never charges any money for development services. Saisoft earns its training and admin fee only if the project is successful. Therefore, their contracts are very cost effective by their very nature. Also, in all of their contracts, they insist that the contractors do not bill for any progress payments even though ETP rules allow for it. He said they wait until they earn the money, have completed the training, and people are in retention. If you look at their billing and endorsing history, you will note that almost 80 to 90 percent of the bidding is near or at retention. So in summary, he requested that the Panel consider all these facts when considering their model. He said the reason Saisoft got into this model was because of the moratorium for training agencies, even though they are BPPVE approved. He said even if they wanted to, they could not enter into a contract with ETP.

Mr. McMahon said the moratorium is on new training agencies, not a previous contract. Mr. Thakore said yes, that is correct. Mr. Broad said Mr. Thakore makes a very compelling case, and this is a discussion that staff will have with you and will raise questions and he certainly would have ample time to answer the questions. He said if anything happens at the Panel, it will be on the record in public, and he will have every opportunity to address everything, answer everything or rebut everything, whatever he would like to do. Mr. Broad said he appreciated his comments and said clearly they have a strong record of success and no one is arguing that. He said he believes it is more a question of whether they have created a market niche of some sort that may be troubling, or it is perhaps a victim of its own success and said he believed Mr. Thakore was being very candid.

## **XI. PUBLIC MEETING ADJOURNS**

**ACTION:** Ms. Roberts moved and Mr. Rendon seconded meeting adjournment at 12:38 p.m.

Motion carried, 5 – 0 (Janine and Sonia absent for vote).