



**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 25, 2014

**PANEL MEMBERS**

Barry Broad  
Chair

Janice Roberts  
Vice-Chair

Gloria Bell  
Member

Sonia Fernandez  
Member

Kish Rajan  
Member

Edward Rendon  
Member

Sam Rodriguez  
Member

**Executive Staff**

Jill McAloon  
Acting 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 25, 2014

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

Chairman Broad called the meeting to order at 9:31 a.m.

**II. ROLL CALL**

Present

Gloria Bell  
Barry Broad  
Sonia Fernandez  
Leslie McBride  
Edward Rendon  
Janice Roberts  
Sam Rodriguez (arrived after initial roll call at 9:36 a.m.)

Executive Staff Present

Jill McAloon, Acting Executive Director  
Maureen Reilly, General Counsel

**III. AGENDA**

Chairman Broad asked for a motion to approve the Agenda.

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

Motion carried, 6 – 0.

**IV. MINUTES**

ACTION: Ms. Roberts moved and Ms. Bell seconded the motion that the Panel approve the Minutes from the February 21, 2014 meeting.

Motion carried, 6 – 0.

**V. REPORT OF THE ACTING EXECUTIVE DIRECTOR**

Jill McAloon, Acting Executive Director, said we have a very large Panel Packet today and I want to acknowledge staff because they worked very hard in developing and reviewing for

today's projects. Due to travel restrictions, only two regional office managers are present, Rosa Hernandez and Creighton Chan, who will present all of the projects.

Also, on the Agenda today, Peter Cooper will report on the new Drought Relief Pilot. Maureen Reilly, General Counsel, will report on our Small Business Pilot concept and also provide the status of the implementation of our new computer CWSN system.

Should the Panel approve all the projects before it today, it will have approved approximately \$9M in projects and we will have spent all of our funds for this Fiscal Year (FY). In total, we will have approved \$71M in contracting capacity. I'd like to note that the Panel Packet contains some projects that are going to be requesting funding for this FY and some that are pushing out in the new FY. Since we only had \$9M in funds and very high demand, we took all of the projects that needed funding this year that were over \$50,000 and reduced them by 30% from the full amount that we would otherwise be recommending to the Panel. At the July meeting, the Panel will be asked to collectively restore funding to those projects that were reduced by 30%. It will be done by a simplified amendment process, and there will be no need for contractors to come back to the Panel meeting to request the additional funding, and the Panel will take action as one item.

Given that we are out of core funding for the remainder of the FY, we will need to cancel the May Panel meeting. The Panel will reconvene in June to vote on projects that will be funded in the new FY. Though we are out of core funds, ETP did receive an allocation of \$2M from general funds to be used this FY, and it is to fund training related services to workers and employers in areas that have been designated by the Governor for drought and other disaster relief. Peter Cooper will report shortly on the drought and use of these funds.

Regarding Legislation, I'd like to briefly highlight a couple of items that are included in the Legislative Memo.

#### AB 2148 (Mullin) Workforce Development: Annual Workforce Metrics Dashboard

AB 2148 would require the California Workforce Investment Board to assist the Governor in developing an annual workforce metric to measure the state's human capital investments in workforce development and to report on credential attainment, training completion, degree attainment, and wage gain outcomes of workforce education and training programs. The Bill authorizes collection and reporting of data by workforce program partners to the Board to assist in producing the annual workforce metrics. The Board will work with program partners, including ETP, to develop a standard set of metrics that will be used. The Bill also requires that performance be measured of workforce training programs, including ETP.

#### AB 2261 (Gorell) Veterans Services and Workforce Division: Veterans' Benefits

AB 2261 creates a Veterans Services and Workforce Development Division within the Department of Veterans Affairs to develop a Transitional Assistance Program and to oversee the Local Veterans Employment Representatives and Disabled Veterans Outreach Program. It also requires staff in various departments and agencies, including ETP, to be transferred to the Veterans Services and Workforce Division to facilitate a one-stop for veterans.

Mr. Rodriguez arrived at 9:36 a.m. and was present for the remainder of votes.

## VI. MOTION TO ADOPT CONSENT CALENDAR PROJECTS

Ms. McAloon asked for a motion to adopt Consent Calendar Items #1 through #48. Ms. Roberts recused herself from participating in discussion/voting on the Consent Calendar.

Accu-sembly, Inc. ....	\$27,456
Advance Paper Box Company.....	\$35,136
Advance Data Communications, Incorporated .....	\$5,200
Agility Fuel Systems, Inc. ....	\$79,920
Alpha Research & Technology, Inc. ....	\$44,200
AMain.com, Inc. ....	\$48,708
American Etching & Manufacturing .....	\$33,540
Animal Supply Company, LLC.....	\$24,804
Beutler Corporation .....	\$12,960
Blanchard Training and Development, Incorporated dba The Ken Blanchard Companies .....	\$63,120
C & K Johnson Industries, Inc. ....	\$21,840
C.H.L. EMS, Inc. dba American Ambulance of Visalia .....	\$40,300
California Health Sciences University, LLC .....	\$22,000
Charles McMurray Co.....	\$63,830
Consolidated Container Company LP .....	\$55,327
Diversified Communications Services, Inc. ....	\$49,686
General Mills Operations, LLC.....	\$47,250
Griswold Controls .....	\$42,432
GSP Acquisition Corporation dba Gardena Specialized Processing .....	\$17,680
Herca Telecomm Services Inc. ....	\$49,920
Innovative Maintenance Solutions, Inc. ....	\$49,920
Isola USA Corp. ....	\$58,800
J.R. Simplot Company.....	\$55,800
Keri, D.D.S., A Professional Corporation .....	\$33,440
Kinematic Automation, Inc. ....	\$49,036
Lahlouh, Inc. ....	\$92,826
Los Gatos Tomato Products, LLC .....	\$20,280
Marco's Auto Body, Inc. dba Marco's Collision Centers .....	\$57,230
Metric Machining, Inc. ....	\$66,248
Mi Rancho Tortilla, Inc. ....	\$24,570
Microwave Applications Group .....	\$31,044
Morgan-Gallacher, Inc. dba Custom Chemical Formulators .....	\$49,920
Paragon Swiss.....	\$27,404
Primary Freight Services, Inc. ....	\$49,920
Prime-Line Products Company.....	\$68,904
Quality Controlled Manufacturing, Inc. ....	\$62,608
Quantum Design International, Inc. ....	\$8,640
River Partners.....	\$27,302
Rolls-Royce Engine Services-Oakland Inc. ....	\$69,768
Safeway Inc. ....	\$63,000

Stanford Medical Billing Services, Inc. ....	\$4,642
SVC Manufacturing, Inc. ....	\$31,320
The Dow Chemical Company .....	\$61,470
The Eggo Company.....	\$60,164
Tyco Electronics Corporation.....	\$45,800
Wing Hing Foods, LLC .....	\$15,600
Workrite Ergonomics, LLC.....	\$35,568
ZEV Technologies, Inc. dba Glockworx.com .....	\$27,560

ACTION: Mr. Rendon moved and Ms. McBride seconded approval of Consent Calendar Items #1 through #48.

Motion carried, 6 – 0 – 1 (Ms. Roberts recused)

**VII. REQUEST MOTION TO DELEGATE IN EVENT OF LOSS OF QUORUM/ACTION**

ACTION: Ms. Roberts moved and Ms. Bell seconded approval to delegate in event of loss of quorum.

Motion carried, 7 – 0.

**VIII. REVIEW AND ACTION/DROUGHT RELIEF PILOT**

Peter Cooper, Assistant Director, said he read earlier this week in the United States Drought Monitor that the entire state of California faces a moderate to exceptional drought for the first time in history and expects to see the brunt of this drought later this year in the summer with laid off workers and increased prices. ETP has been given some funding to address the workforce and training issues related to the drought.

Farmers are already following hundreds of thousands of acres. Federal help is at \$183 million. State assistance is roughly \$700 million.

For Panel members, I've provided a copy of the Drought Pilot Memo. He noted there are a few copies at the back of the room and said the Memo will be placed on our website. He said, I'll provide you with some background on the drought and the actions by the State of California and then go into a little bit about the Pilot.

On January 17, 2014, Governor Brown declared a State of Emergency, as California is facing one of the worst droughts in decades. Dry conditions and lack of precipitation present urgent problems: drinking water supplies are at risk in many CA communities; fewer crops can be cultivated and farmers' long-term investments are put at risk; low-income communities heavily dependent on agricultural employment will suffer heightened unemployment and economic hardship; animals and plants that rely on CA's rivers, including many species in danger of extinction, will be threatened; and the risk of wildfires across the state is greatly increased.

According to EDD's Labor Market Information Division (LMID), the impacts of droughts have been well-studied and certain commonalities include: the industries that are most vulnerable

to drought are agriculture (both ranching and crop production) and recreation and their supportive industries; losses to the state's economy in more severe droughts have been in the millions of dollars; losses in related jobs (both farm and non-farm) have been in the tens of thousands; costs associated with drought vary from region, county, and locality; droughts have differing effects on different sectors of the economy, regions of the state, communities, and individuals; and the hardest hit areas of the state are in the San Joaquin Valley and the Central Coast.

In response to the drought, last month Governor Brown signed omnibus drought legislation – Senate Bill 103 and Senate Bill 104 (2014), which appropriates \$2M to ETP from the General Fund. The purpose is to provide flexible training-related services to workers and employers in localities designated by the Governor for drought or other disaster relief.

ETP has developed a new training Pilot, “Rapid Employment Strategy Pilot on Natural Disasters”, referred to as RESPOND. One of the reasons why we named it RESPOND is because we see it as a way to not only address the current needs related to the drought, but also as a possible vehicle for addressing long-term sustainability issues that the state faces. All General Funds are designated for training contracts and none for ETP administration. The General Fund appropriation is available to encumber until June 30, 2015.

We have been coordinating with the Labor & Workforce Development Agency's (LWDA) Drought RESPONSE group, and the Undersecretary of LWDA in turn has been involved with a Drought Response Task Force that the Governor put together. So we are part of the LWDA's Response group which includes EDD's Workforce Services Branch, the California Workforce Investment Board (CWIB), Agricultural Labor Relations Board (ALRB), and the Division of Apprenticeship Standards (DAS). We report weekly to LWDA, as well as the Department of Finance, about spending of these dollars and our marketing efforts.

Our marketing team has already been in the field developing leads and figuring out how to work with various associations and groups to get the word out about the availability of these funds. ETP will focus its marketing efforts to: identify opportunities to support drought-related displaced workers; avert layoffs by employers; and assist employers with transitioning operations to more sustainable operations and practices.

This Pilot, including accompanying Guidelines, will be effective starting April 25, 2014 and sunset on June 30, 2015. The Pilot is bifurcated between applications that can be funded under our core funding, as well as applications that are funded with General Fund monies. This is because there are a number of training opportunities and training proposals, that may come to the Panel that we could have funded anyway, but they may be placed under this Pilot and under the core funding part of this Pilot because there will be a little flexibility in that area. One of the things that we are trying to do with this funding, is to make it timelier and more flexible. Besides addressing the needs of the agricultural community and farmers, we are looking at this in a holistic way and looking at the agricultural supply chain, so it is very broad. And we are taking a broad interpretation of the workforce that is impacted, not just the employers that are impacted, as well as a broad interpretation of the areas of the state impacted.

Before I get to my final recommendation, there are a couple of points that I'd like to highlight for you in the Memo. On Page 5 of the Memo you will see Preferential and Expedited Process. What we would like to do is to deem these projects as critical proposals with maximum flexibility and an expedited development/approval process. They will be approved by the Executive Director and the Chair, without requiring full Panel approval. We can approve the projects on more of a flow basis and not wait for the monthly Panel meetings. The second item, Employer Eligibility, employers and projects funded with General Fund monies must be from regions designated as drought impacted by the Governor. When I began my presentation, I mentioned that pretty much all of California has been impacted by the Drought, so I think that we will be able to take a very broad interpretation in saying that all counties are impacted. In fact, there have been reports from the CA Department of Agriculture listing all counties except for two in California, as being impacted by the drought. The two counties that were not directly impacted are eligible for state support because they are adjoining impacting counties.

Also, public sector or non-profit employers are eligible, so this is one of the real flexibilities that we have because the part of the funding coming from the General Fund is \$2M. We don't have to only focus those resources on employers that pay into the UI Training Tax, so we can reach out to a broader group in that way.

Mr. Cooper referred to Page 9 of the Memo, which provides a side-by-side comparison of core funding and alternative funding. Mr. Broad asked if anything in the statute talks about not where they have to be, but who we are training, who they have to be, and what the criteria is for receiving the money. In other words, does it have to be workers affected by the drought or are we just going to train anyone on any subject because there's a drought, and the funds can go to any employer. Mr. Cooper said the statute does not say specifically, but it does say they must be in areas designated as impacted by the drought. What I think we should do is that if they are part of a MEC, for the MEC to provide some type of acknowledgement that the workers they are going to train, are in fact impacted by the drought. Mr. Broad said yes, I think it's pretty important in the discussions he has had, that this was supposed to be about displaced farmworkers; so I think there needs to be some nexus between the drought and the workers that are trained. They need to have been impacted. Otherwise, there's no nexus to it other than a geographical one and the entire state is covered, which means it would have nothing whatsoever to do with the drought. It would just be free money which doesn't make sense to me.

Mr. Rodriguez said along the same line, there's only \$2M available, so the immediacy of the effort is equally as important as the criteria. What I didn't hear was, have industries been identified where there has been immediate layoffs or work stoppage. Have we seen an uptick among UI applications in this specific industry that's been classified as affected by the drought? Is there a CalWORKS for seasonal part-time workers that are being impacted? Then lastly, has there been an application to the U.S. Department of Labor for displaced workers? Mr. Cooper said in all of those areas, we are a little premature really. Not only are we waiting to see the impact of the drought, we are also waiting to figure out how, for example, National Emergency Grant Funds might be tapped into by the LWDA. Mr. Rodriguez said keep in mind when they apply for the emergency funds that they have to specifically identify the industry that is impacted, which should help establish criteria for job training. Mr. Cooper said yes, that is something that I would say that the LWDA is working

on; that is not something that we've been involved with. We are going to determine if we can coordinate our dollars with their efforts.

Mr. Cooper said regarding an item that Chairman Broad brought up, how we help the displaced worker specifically; this is the difficult nut to crack in his view. Of course we can fund efficiency measures, whether from farmers, irrigation systems, or from manufacturers that have water, but to actually help migrant farm workers, that is going to be very difficult given our criteria requiring job placement at the end of the training. One of his recommendations is that the Panel looks at these guidelines in the next couple of months, to review them after we have more information about the impact of the drought and about ways we might help those workers. We've had discussions with community colleges that are involved with agricultural water issues; we've had discussions with manufacturers with irrigation projects and that are involved with outreach to associations that do training in irrigation technology. There may be certifications that we could support, water-related certifications that are perhaps provided in counties of the state that are impacted by the drought. Those possibly could be used in lieu of job placement as criteria for ETP funding. That is something that the Panel would have to decide, and it moves away from the usual policy of retention.

Mr. Rodriguez suggested he also talk to the CPUC as they regulate about 17% of water in the state and most of that is in the Central Valley. They have specific programs to deal with under-served populations, so I hope you can also bring them into the discussion. Mr. Cooper said yes, he will follow up on that. He said one of the municipalities that our marketing unit has reached out to is Los Angeles Public Workers, a group that is involved with water and waste water operations and related training. He said he believes there may be some way they can work with the utility districts in San Francisco, Sacramento and Los Angeles. There are many opportunities, and we haven't connected all the dots yet.

Mr. Broad said there is only \$2M available, which is not a large amount of money. I don't know if we could get anybody to do this, but obviously there is a list of shovel-ready drought relief projects. That is to say, water recycling projects are big public works projects that are on the books and underway, and maybe there is some way we can marry the two notions. If there are lower skill type jobs related to those projects, and they are in regions where there are workers that are displaced, maybe those workers can be put in those jobs, or there could be some sort of set aside in the project. If there is a local hire requirement, then offer the government entity that is doing the project the money to do the training to prepare people, and then they could move from being seasonal farm workers and into the world of construction. So, there might be something and there might not be, because there may not be low-skill jobs that are available that aren't subject to apprenticeship requirements. There are clearly projects out there, a list of them, that are kind of shovel-ready that are lining up for funding. There could be some relatively quick way to spend this money in a way that clearly fulfills the intent of the Governor and the Legislature, which is providing this money. Mr. Cooper said we looked at opportunities for employment with municipalities, and I think that a lot of cities and public entities in the Central Valley are not in the hiring mode now as employers. Obviously, there is a lot of work to be done. There is training we can tap into that is already being done, and we will definitely focus our outreach to those areas that you mentioned.



Mr. Broad said, so your idea is that we would start handing out this money next year, to wait and see, or right now? Mr. Cooper said his recommendation is that you approve the guidelines as they are currently written in the Memo, and we may need to look closer at the language regarding eligibility of the employers, to ensure that it is drought related. That's something that the Panel could determine on a case-by-case basis, and staff could do that as well. And we'll address these guidelines further as we get more information through the summer from employers and about how to coordinate our funds with those from the federal government and elsewhere. Mr. Broad said the point I'm making is that if we are waiting around to see what happened in the drought, it's going to be next year. That's when we'll know what happened, so there is a timing issue. We need to figure out if we are granting this money now or are we handing it out later. What I'm hearing from you is a little bit of both. I'm trying to clarify what we are doing here.

Ms. Bell said she was concerned about the sense of urgency with the drought. She said people are out of work right now in Kern County, and we'll all be paying for it at the grocery store. Her concern is, can't this move faster? People are without work right now, and they need work. I'm hearing funds may not go out until January 2015, so I need clarification.

Ms. Fernandez asked how the application process will work. Will someone actually apply under the RESPOND or is someone within ETP determining if they fit the criteria to receive drought monies. Mr. Cooper said, I would say they would apply under the RESPOND and I think that we can figure out the best way to make changes to the guidelines going forward. Regarding the question do we hand out money now? I think there are projects that will come in that definitely would fit the intent of the legislation and that we should go forward with. There will be others that may not fit or may fit only after we have adjusted the guidelines.

Mr. Broad said it seems to me that this is operating on kind of two poles and there are significantly different approaches to it. One, you can go look for construction projects or whatever, where they are training specific to some drought project, and the other is to go to the hardest hit counties and say what jobs can we train displaced farmworkers to do, who may not be back at work for a long time, if ever. Simply maybe to fund \$2M to a consortia of community colleges and say train them for 20 or 30 of these jobs, and line up employers, and do it as focused more on the displaced workers than the drought projects. It seems like there is validity to both approaches. What I don't feel all that comfortable with is if someone comes up with a proposal, like a normal applicant for our money, and we say we will take you from this pile of money and put you in another pile. All that is doing is adding to our normal money; it doesn't have anything to do with the drought because the people are coming anyway. It would be nice if we could laser into something, like \$2M, which is like one or two really good sized projects that are developed in the agricultural regions of the state. It is going to get bad here, I agree with Ms. Bell. There are farmers that are going under; there are going to be crops that simply can't be grown this year; and there are going to be workers displaced, and meanwhile, the rest of the economy is doing better. So there ought to be a way; and its good news that the economy is recovering elsewhere. This part of the economy is hit temporarily, but temporarily might mean this year and next year. We don't know how long the drought's going to last. If we can kind of get people moving into jobs in the area where the jobs are growing, that would be good. Ms. Roberts said, the effects of the drought are not only with migrant farm workers; in her business they do agribusiness, with billions of pounds of potatoes every year coming from the Delta area and in Kern County. If the drought

affects their potato crop, that would affect their manufacturing plants, and it's the same with all other agribusinesses that depend on grapes or other crops. All of that is going to be affected, so it's just not going to be the migrant workers, it will be other businesses in CA that are also going to be affected by the drought.

Mr. Broad said in his unofficial conversations with the Governor's office, as this thing was moving through, they contacted me and said we are going to give you money, and you need to get it out there and get people trained. They had a sense of urgency about it, so I think we might need to channel that a bit, and think of it more in that context. Maybe staff, instead of waiting for proposals to come, needs to think about us constructing something to fit the need so that it can be put together in the more expeditious way. That is not something we typically do, but this isn't the typical situation. However, it's probably what the Governor's office and the Legislature would like to see us do, and I believe they would like to see this move fairly quickly.

Ms. Roberts asked if we have reached out to any other states to see what they are doing regarding any type of emergency issues. She said it might be prudent to see if other states that have gotten a plan together around emergency issues such as floods or droughts, to maybe model something like that. I don't want to start over by any means, but there might be some best practices already out there that we could look at.

Mr. Rodriguez said right now there is a federal approach and a state approach. On the federal side, those agricultural businesses that have already been affected are already submitting their application to be reimbursed for products lost because a lot of their products are federally subsidized. There are public lists with both the Department of Labor and the Department of Agriculture. Those lists already exist and those employers have already been identified. He said, you already have reported that San Joaquin, Merced, Fresno, Monterey, San Luis Obispo, Santa Barbara and San Benito, and specific companies that have been impacted, and also the number of workers that will be displaced that will qualify to receive UI under the seasonal worker program. So those things already exist, and it's a great opportunity for us to really be rapid in our response and to provide technical expertise and an opportunity to expedite their grants to train workers. Lastly I will mention, that East Bay SMUD has current projects, as the Panel Chair stated, that are subcontracted, and there's public works in Contra Costa County and other counties where there is synergy in transferring those workers that are unemployed over to those projects. He thanked Peter for bringing this matter to the attention of the Panel.

Mr. Cooper said thank you for those comments. The UI claims that are drought designated, as far as I know from about a week or two ago, EDD has not received UI claims that are specifically drought related. They are expecting them to come. I think there are many opportunities with municipalities, irrigation districts, companies, and current employers that want to upgrade water efficiency. I know that there are other resources that EDD has for migrant farmworkers; it's just that for ETP, it's my opinion that it's harder to reach them.

Mr. Broad said, I was looking at this statute. The statute allows us to adopt emergency regulations to change our regulations, to relax our standards without having to go to the Office of Administrative Law, so we are empowered to basically do anything we want to make this work. So my thought is that since we are not meeting until June, that in the interim

period of time, we have a subcommittee of two or three Panel members, so we are not in any violation of an Open Meeting Act. Ms. Reilly said we still have to publicly notice the subcommittee meeting. Mr. Broad said alright, but to just have a subcommittee group to meet and discuss in between our meeting, how to move this forward with a set of recommendations. He said, to make this work right, maybe we have to relax retention standards. It may depend on what we really want to do, and I think the staff needs to have a conversation with the Governor's office right away, about what they really want to see among the options. Do they want us to be training people for specific drought relief projects or do they want us to be training people such as farm workers that will be the first people displaced by this, for something else that they can do, which may be a relatively limited set of jobs. We are talking about people who don't necessarily speak English, who are doing farm labor work, and who have other significant barriers to entry into the work place. So it's a challenge, and if that's what they are really looking for, then maybe we need to think a little creatively. What I'd like to see is this subcommittee, and anyone else out there in our community that wants to participate in this discussion, return in June with a set of regulations that we need to adopt, that we can adopt on that day. And then do it like in June, and then start getting that money out the door in the summer if it is possible. That is my sense of where we ought to go with this. Ms. Bell said, I echo you because there is a sense of urgency, the money is there, and the need is there. Mr. Broad said since you echoed my comments I am appointing you the Chair of the drought subcommittee. Ms. Bell said yes, absolutely. Mr. Rodriguez said Mr. Chair, I will support it. Mr. Broad appointed the following three Panel members to the drought subcommittee: Gloria Bell, Sonia Fernandez and Sam Rodriguez.

Mr. Rodriguez asked if any active, current or past ETP contractors have been impacted because of the drought, or if they have they been asked if they have been impacted by the drought. Mr. Cooper said they already sent out correspondence to ETP contractors in Fresno County. They received a response from Paramount Farms and they plan on coming in for a proposal which has a training component, which fits into this drought area.

Mr. Rodriguez said I would like to make a motion that we send out a notification to past and current ETP contractors and ask if they have been impacted by the drought. Mr. Broad said that does not require a motion to do that, we can direct staff to handle this request. Mr. Rodriguez was agreeable. Mr. Broad said, since we are not meeting next month, the drought subcommittee can meet in that period of time, or multiple times if that is necessary, and you can come back with a set of recommendations that are very specific. He asked those who are in our contractor community, to think about what would make sense here, because I think probably the best thing to do is to come up with a viable, intelligent plan for this \$2M and move it out the door to people that are in need, as they become in need.

Ms. Reilly said, you just said to the Panel what I wanted to emphasize, which is the Panel's special authority under the new drought legislation, which was part of the omnibus bill, specific amendments to our enabling law. The authority to adopt the regulations without having to go through notice and comment rulemaking by the Office of Administrative Law, pertains only to the special source of funding, the \$2M. Mr. Broad said he completely understands that and said he does not know if we have to do anything regulatory, but if we come up with something that needs that, we should adopt it in June and put it out to comment before June, based on whenever the subcommittee can put something out to comment. Mr. Cooper said, from staff perspective, I think that's a good way to go. I think that given the

circumstances, we need the flexibility to be more creative; so coming from the Panel, I think that's critical, thank you.

Mr. Broad asked if everyone was clear on the action that will be taken. There were no further questions. He said the motion is to approve the drought pilot memo guidelines, although it seems like we are moving beyond it relatively quickly.

**ACTION:** Mr. Rodriguez moved and Ms. Roberts seconded approval of the guidelines set out in the Memo regarding the Drought Pilot Rapid Employment Strategies Pilot on Natural Disasters (RESPOND).

Motion carried, 7 – 0.

## **IX. CONCEPT FOR NEW SMALL BUSINESS PILOT**

Maureen Reilly, General Counsel, said she is on the Agenda to talk about the concept for a new Small Business Pilot. She said she would speak briefly on this subject because she needs to take this time to discuss something else that has come up regarding our new database implementation.

On the concept for the new Small Business Pilot, I just wanted to let the stakeholders know that in response to some of the comments from the last two Forums we had, and it's also something that staff has been thinking about for a number of years, we are attempting to identify ways to further streamline the Small Business program and we have two goals in mind. One quite frankly, is to reduce staff workload and the other is to increase outreach. This requires some trade-offs, so we are trying to come up with a package that will be good for everybody and that requires a lot of communication internally, and then of course notice to the public. Not so much about regulations pertaining to a pilot, but an opportunity to speak on it. We will be meeting with Small Business Development Centers and other small business groups, interested members of the public, and we already had discussions with the Go-BIZ small business advocate, which has been very helpful. We are hopeful that we will come up with something that is meeting both those goals and is a good trade off of competing interests so we can continue to serve the small business community.

Now for a special announcement, I think we have said in the past that ETP will soon be launching a new data management system. By data, I mean every piece of information that is used in our contracting process, beginning with the point of contact made by marketing straight into audit. We have been doing this for three years, working in partnership with the Employment Development Department (EDD). Their database improvements are actually due to launch today and there will be, in fact, a brief go dark period for processes relative to invoicing. We are due to launch August 30, 2014, and we are on schedule to launch the new system after years of working on it. In recognition of this, in the IT jargon there is something called "go dark", so when you are launching a new database system there is a period of go dark. We realize we are also going to have to go dark with our Panel meetings. So the good news is that ETP is on schedule to go live with a new database on August 30, and that is the California Workforce Services Network System, sometimes called CWSN. This will replace our current Management Information System, our online forms, our chart 1, and everything else pertinent to processing contracts. So the not so good news is there will be new deadline

dates and some cancelled Panel meetings. I am going to get to those dates at the end of the presentation, which will hopefully explain why we have to do these things.

As you can see from the PowerPoint displayed, I touched on some of these points. The New Data Management System is a process with steps that must be followed in sequence between the customer which is ETP and the vendor. We have a private vendor who is doing the design and necessary IT programming, and what we are doing is we are re-designing or customizing an existing software product. Several factors are affecting our deadlines, so let me back up. There is no change to the ETP standards or ETP policies, this is just a change in how we manage our data; it's the software program. We will be capturing more data and all of the entries into our system will be what they call "web based", so it will be more seamless and it is going to allow us to achieve more consistency with our existing policies so that more processes will be driven by logic, if you will, yet it will still reflect our existing policies. Because we are buying into an existing product and software, the vendor will accommodate changes that we need to make going forward through a routine change order process.

Ms. Reilly said she will go over the factors that affect these key data changes. I want to reassure our stakeholders that you all have a chance to help test the new system. This is what is called "user acceptance" testing. Again, that's IT jargon; it's one of the last stages in the process and it's designed to identify problem areas or as they call it, trying to "break" the system. So we actually script scenarios to see if the system will be able to accommodate human error or sudden influx of reports. So our staff is fully involved, as I think I've mentioned a few times it's been a three year process, but again it wasn't an opportunity to reinvent the wheel, so a thing that's good about the system when you are testing it, is that it will look familiar to you. It will look very much like other types of web-based systems such as ordering something from Home Depot online where you see certain fields; you see some of them are required and other fields open up for you.

I will go over each of these factors. The first one I want to discuss relates to testing the system, as I mentioned this is user acceptance testing. It is going to be starting soon, we are on a schedule and it starts in early July and it goes to mid-August, and this is staff testing primarily. We are going to go by each module, beginning with the contract profile which is marketing and also pre-applications, applications, proposal, contract, enrollment, online tracking of the hours, the invoicing, and so on. The testers are going to be ETP staff in each of these units or areas based on their expertise, and it will be actually scripted testing, and we'll be asking key stakeholders to come in based on their experience. For example, we will want people with experience with MEC contracts, single employer contracts, small business contracts, the pilots, the JATC pilots, and so on. We will welcome interested people to volunteer, but at some point we are going to be asking people to come in and test, again using scripts, so that we can be sure we tested out each data element.

Beginning in August, and the reason we wait so long with training is that we have to get through some of the user-acceptance testing first. Ideally, you get through all of it; so it all happens somewhat rapidly and even on parallel track. We have to get through user acceptance training because that could mean changes in the program. So training begins in early August, and it will go through mid-September, even though we are actually launching the system, and we are on schedule to launch August 30. We are giving ourselves and our

stakeholders some time to become familiar with it so that everything is not going to roll out precisely one day after the next; a, b, c, d, e. So the training will be in using the system; again, it is a web-based delivery. We as staff will have a train-the-trainer sequence, and our own staff will be trained by each unit in our office. Stakeholders will be trained; basically everything is going to be trainings in electronic delivery methods.

We will be moving from a partially electronic data management system to a fully electronic data management system. Some of our procedures are now only in hard copy and the biggest one is the application for funding. So I think you are all aware that you come in with your pre-application using an online web-based system, but then you go into the application itself, which even though it may be transmitted electronically, it's a word document. So that has to be converted to a data table, and we are actually trying to figure out how to do this because some of the applications are going to be caught in between the two systems; there is no way around it.

We will have different dates for shut down of our electronic processing. The key date that I'll mention is because we are trying to mitigate and limit the number of applications that will be caught in transition and are only print documents. Anything that we can get to the Panel by the July Panel meeting will be migrated. It will be capable of being migrated, because that will be data that we have entered in, right through the proposal into the contract. Anything that goes after July, in the form of an application that didn't make the July meeting, we have to get into the electronic database. Once we go live as of August 31, then everything gets entered directly into the new database.

Ms. Reilly said, everything we have is going to be migrated using this methodology. It's a software program, we've done all the background work, and our vendor is going to do the task of putting the data into the proper slots with the new system. All of our active contract data, all of our legacy data, our historical data that we use to do reports and so forth. The reason we have the May 30 deadline is, basically, that is our normal deadline for making it to the July Panel meeting. So applications that don't get processed by the May 30 deadline can't make it to the July Panel meeting. Those are the ones who are going to be caught in transition and which we have to convert into data tables. We may have to actually do hand labor-intensive entries of this information into the new screens once they open up August 31. The true go dark date is ten days before we launch. All processes stop because again, we have to come to rest, so all data once more has to fully convert over and this is a traditional step in launching any new database. You go dark and you get the rest of your data over to the new system.

We have a key date schedule, which I am going to hand out to the Panel. There are also some schedules available at the back of the room and it will be posted on our website. If you do not have your application in by May 30, you are not going to be able to go to the July Panel meeting, and that means you are caught in the transition. Pre-applications, we can keep taking pre-applications longer because they are electronic, and the reason we picked June 30 is that our staff that processes pre-applications are going to be strongly involved in the user-acceptance testing and the training throughout the month of July and August. So we are going to process as much as we can, but at some point we have to cut off to give staff time for the testing and training. For certifications and invoices, which is I believe it's a Friday or the first week of August, because again we need to process these things and our staff in

every single unit will be involved in testing and training, and believe me, you want us to be involved in testing and training. Our true go dark for all processes is August 20, ten days before the launch date. So applications; pre-applications; certifications; invoices and in fact all processes, go back online August 31. The August Panel meeting is being cancelled because we have to test and we have to train. The September Panel meeting is being cancelled because we will be rolling it out and we'll be training stakeholders if there wasn't an opportunity under our scheduled user-acceptance testing. We still need to reach people and explain how the new system works. That's it; we are on schedule for August 30.

Mr. Broad said, at this moment, I'm willing to entertain anyone's questions for about five minutes regarding this topic that can be directed to Ms. Reilly. Is there anyone that has any questions regarding this issue and how it's going to work or the process?

Nathan Daily, CMTA: I had a question about everything going web-based. Is there still the opportunity to batch uploading of large data files? Ms. Reilly said, I thought we did batch uploading. Mr. Daily said, we do that now, but I just want to make sure that will still be available. Ms. Reilly said yes, we are not cutting back on electronic processing and yes, that will be retained. I couldn't speak absolutely to some other efforts to simplify. I've been involved in this, we have been making efforts to simplify all of our procedures and make everything electronic to the extent possible, and so batch uploads, yes. We can go into some more detail, I have a couple of experts in the audience, but I can assure you we are enhancing our electronic capabilities as we go through this process.

Mr. Broad said, maybe you are already doing this, but he suggested posting frequently asked questions about this on our website and maybe people could email in questions and then we could answer them collectively. He asked if we can we do something like that and if it would be helpful. Ms. Reilly said, that is a good idea.

Mike Jester, Strategic Business Solutions: It looks like you are putting us out of business for a couple of months. There's no duality in this process? My son is a network engineer for a major corporation and typically when people do computer changeovers, they sometimes do it in a dual mode where they sort of nurse one through, bring the other on, and turn this one off after this one works. The danger I see in this, besides putting us out of business for numerous months, which appear to me to be much worse than ten days because the tail is going to go off into November probably from the backload. I see you shaking your head, but I'm not feeling it. My question is if we don't do it in a dual mode and we go live August 30, and it breaks, there is no going back and we are just broken, right?

Mr. Broad said, that thought crossed his mind but apparently there comes a moment in this when you either put up or shut up, you have to move, there sort of has to be an end and that's the situation here. Otherwise, I don't know, is there an answer to that question? Ms. Reilly said there is an answer, yes. We did consider that many times and there is about 500 IT staff at EDD who has made themselves available to us as far as scheduling or working with them. We considered operating parallel systems for a brief time period and considered dual modes, and found there to be a potential for confusion out weighing the benefits and we decided against it. It would be cumbersome, it would delay the ultimate date of migration, and it would be confusing for staff and the public. We are committed to this new process and we have to go into it. The delay of two Panel meetings is unfortunate, and if we can bring

something to September, but I wouldn't count on it, because what we've seen happen with other state database IT initiatives, if there is a bit of a slip towards the finish and we are trying to build some time in. We are stopping the processes with as brief of a period as time as we can with the electronic processes. Dual systems would not really help that much with the paper-based documents that unfortunately we still have, and unfortunately it's a very key aspect of contract development, and that's the actual application. So we are going to start back up as soon as possible, we decided to stop pre-applications because it's not going to do any good to get your pre-application if it sits there as a print application, we still have to re-enter it. So we think this is the most prudent approach. I was going to say if there is any delay, and schedule it, as we are on schedule to go live on August 30, we will push out all of these dates. Don't cancel your plane tickets yet for the August Panel; we are not cancelling the meeting, but we are on schedule and that's all we can do is stick to the schedule. It's a sequenced process, and a long and tedious process. We are at a point, it's a once every 30 years process; we have to do it. Ultimately it will be better, but yes, we did consider that, thank you.

Mr. Jester said I understand that, and questioned why they decided not to go in a dual mode, and although that may be the utopian way to do it, it's not how 98% of the world does it, and I just think it's a little strange. Mr. Broad said, it does strike me as a little high risk but I'm going to defer to my staff here in what they think is the best choice. Ms. Reilly said we are not losing data; we retain all of our data in our current database, so it's not that anything drops off the face of the earth. Mr. Broad said, let me ask this question which I raised the other day when we met. So we are down for a period of months, and we want our contractor community and our employers and everyone to keep developing projects, so are we going to come up with some kind of a number system so that when it comes back up, it's not all applications coming in on the same day, swamping the system, and no one having a fair expectation of where they line up in the queue? I can see what you'll have until that sorts itself out is a whole lot of really upset people. So it just strikes me that we ought to have, when the lights go back on, an orderly process of handling sequencing of projects as they come in. So people don't question why one company went before them and there is something funny going on. He said it needs to seem very fair to people and transparent as to how that will work, and he asked if we have any process for that. Ms. Reilly said not yet, but we will. Mr. Broad said so we should announce that process before we go dark so that everyone is prepared. Whatever we do, I think the process should be as transparent to the public as it is to you. In other words, because if it gets messed up, we are going to have to explain it, and we might as well not have people say well you were not transparent, and have it be worse than it would otherwise be. I'm assuming this is all going to work perfectly but sometimes things don't and they have been working on the EDD data system since 1965 when they put it in there, and it's still the same system.

Maggie Menzel, Training Funding Source: I was wondering about the dates you presented and the August 2 cut-off date for invoices. We represent a lot of the contractors and I'm the one who in many situations requests the invoice. Would it be prudent for me to make sure I have all those in by July 25? Because if I put it in on August 2 it's a drop dead date. Ms. Reilly said yes, it would be and again the reason for stopping invoices is that's right in the heart of our testing and training. Staff has to take that time, so yes, get in what you can. It is an electronic process but we can't be doing work as usual and also launching this new system and doing a good job. Ms. Menzel asked if she believes that July 25 allows the fiscal



department time to do their jobs because they are great. Ms. Reilly said yes, they are great, so this is building in time to make sure we can do what comes in up to that point but then we are going to be full-on in the launch. I was going to say in response to the question Mr. Broad raised about do we have a way to make sure it's a first in/first out as a placeholder. Ms. Reilly said, we've tried first in/first out in previous years where we've had to stop processing; we have in fact closed pre-applications once before. It doesn't work as well as you think, because first in doesn't actually mean prepared, so sometimes we get a pre-application on July 1 but they are not ready yet, and the pre-application that comes in on July 2 is totally ready. So what do you do? You're going to take the one that came in July 2 and you're going to go forward with it. All the way through the development process this occurs over and over again. If there's a question outstanding, it's the applicant that gets right back with the answer that moves forward. Mr. Broad said, it won't be first in/first out right? It's first in first consideration? Ms. Reilly said first in, first shot, yes. Mr. Broad said right, so I think people can live with that, if you put one in on July 1, you may get told you need to do more before the person on July 2 gets their application started and so on. In other words, it doesn't change our responsibility or their responsibility. It should be like we receive your application and we are going to handle it next. Ms. Reilly said that is a good idea. Mr. Broad asked if we can handle it similar to that because I think everyone understands that the applications come in at various stages of completion. It's just very frustrating to people with any process, any governmental process. If it feels like it's the dead letter office, you know you sent it, but there's no one to talk to, it is just lying around; I don't want people to feel that way. I want them to understand where their application is in the process. I think it is undoubtedly going to mean that staff is going to be answering questions and we are trying to make people feel happy, so that means our staff may have to do some extra work, reaching out to people, saying we are dealing with your issue, here's where it is, not waiting to get an angry phone call. I want this to feel very user-friendly because I'm concerned that there will be problems and delays. I think Mr. Jester raises some valid points about what happens, it is inevitable in these things that there are problems and delays; nothing goes perfectly and it's a very complex change.

Mr. Rodriguez asked Ms. Reilly about transitioning from the one system to the next and the actual hardware, the middle ware. That's not going away, right? The memory computer that has stored the existing data is just being turned off and will still be at the center, correct? Ms. Reilly said yes, the data sits on our server, whether it is with EDD or OTech, but it is our server and it sits there, and remains sitting there. In fact we are going to get reverse batch uploads every night from the new service, and we will make sure that all of our data at all times is under our control. It's a built in redundancy. Mr. Rodriguez asked if upon submission, if all applicants will receive a notification or confirmation that it has been received. Ms. Reilly said that happens at the pre-application stage now; I believe it's an automatic email notice. By the time you are in application you are working directly with your developing analyst, and you are actually in the process. In order to get the application completed, the deadlines from finishing the application are based on the reality of how much time it takes to work them up into a proposal, such as you see 80 in front of you now. Mr. Broad said, but I believe Sam is talking about this queue we are going to go through, correct? Mr. Rodriguez said yes, that is correct. Mr. Broad said we are going to have a process where people send an email or fill out a form to say I want to be in the queue. You are going to ask for some rudimentary information presumably, so people don't just put themselves in the queue even when they don't have anything. Like whom the employer is, how many people to

train, and minimal information to identify it. I think what Sam is asking is, will they get a confirmation that their pre-application has been received and will be processed in the order that they are received. Ms. Reilly said, the initial entry point with pre-application, and it will remain the pre-application, is an online point of entry and everyone is familiar with that. Mr. Broad asked how they can submit a pre-application if the system is down. Ms. Reilly said they can't. Mr. Broad said so how are they going to get in the queue then? Ms. Reilly said when we go back up. Mr. Broad said no, that doesn't work because then they are waiting for months; we have to come up with something better than that. Ms. Reilly said again, if you have your pre-application in, we could look at it, it's just that it's not going to go anywhere because we can't put you in a print document. Mr. Broad said but the comfort that it means is that these people have to go back to the people they work for and say their computers are down for a couple of months, but when it is back up, I'm here relative to the queue of projects that are going to be considered at that point; that is what they need to hear. Ms. Reilly said we can come up with something that is just Outlook delivery or something similar, acknowledging that you have a pre-application that you intend to submit. Mr. Broad said and here's kind of your number in the relative process, and we are keeping the list so that someone can call up, and when they have a complaint, when they make that call and they say I submitted my pre-application and I got an email back saying I'm number 432 in the queue but it's now December and I haven't heard anything; you have to be able to say we are at #257 and you are coming up soon. People can go back to the people they work for and be responsive to them so that it doesn't look like we are a black hole of inefficiency when we are trying to be efficient. He asked if the Panel agrees with him. Mr. Rodriguez agreed and Ms. Fernandez said yes, absolutely. Ms. Reilly said, I see another spreadsheet in our future. Mr. Broad said, I realize this is a lot of work, but sometimes there is extra work in making it work for the public, because if we are not going to have dual systems operating at once, then you have to provide reasonable expectations of what is going to happen in the future for their particular project, and where they are in the queue.

Steve Duscha, Consultant: It sounds like this is in concrete, but you should really understand how much you are shutting down. This is the first time I've seen these dates and I think I understand them. What you are saying is that if you do not have a pre-application approved by June 30, you are not going to get to the Panel until December. Ms. Reilly disagreed. Mr. Duscha said first of all, once you submit a pre-application, it can take three, four, or sometimes five months to get that pre-application approved and get it moving. So if you can't submit a pre-application after June 30 until August 30, you are not going to the Panel until the end of this year. Mr. Rodriguez asked him to repeat that; did you just say that when you submit a pre-application it takes three to four months to get it approved? Mr. Duscha said it certainly can, it can take six months; I've had them take that long. I just had one approved that was submitted in November 2013. Some move fast, and many move slow, that is a real issue and it is reality. Ms. Bell asked what moving an application fast would look like. Mr. Duscha said they can move in a week or two but some of them take forever and I can't really explain why, but it's real and there's data that would show this. If you stop accepting pre-applications, the whole thing dries up. Mr. Broad said the take away from that is to get your things in by June 30. Mr. Duscha said yes. Mr. Broad asked, but we are not going to stop working on them during that time, right? Mr. Jester said yes they are; that's the problem. Mr. Broad said so we are not going to read these pre-applications? The applications submitted by that date, they are going to get worked on, right? Ms. Reilly said yes, but that is why we are continuing to take pre-applications through June but you are going to be caught in

transition with your application. We can migrate the day that this comes in online and you'll have a stub of an application in the new system, everything that would otherwise be in print, must be somehow entered into the new database as a data element. Yes, we will keep working, it's just that I see where there will be stops and starts and for some block of time, staff has to do the testing and the training. I understand the frustration with the pre-applications being held up for long periods of time. We are working on it and it is mostly the JATCs and some of the other MECs that are somewhat complex or may have 50 locations statewide, we are trying to do what we can to simplify that. Mr. Broad I get that it is complex doing the data, but isn't a pre-application something you can print on the printer, put it on someone's desk and have them read it. Isn't that what happens? Doesn't one of the staff read the pre-application and look at it and make an evaluation? Can't those evaluations still happen just because data is not being uploaded? Ms. Reilly said yes, we can evaluate what has come into the system. Mr. Broad said so everything that comes into the system before June 30 ought to be dealt with in that way, but it ought to get as far as it possibly can, is that possible? Ms. Reilly said yes, it can get as far as it can, it can assigned to the field offices, as is our usual process, and they can even begin working on it, but again you are now going to be in a print document, in the transition period. Mr. Broad said I understand that, but somebody reads it and makes notes on it saying this is what needs to happen on this one, this one is ready, whatever they do internally to assess them, they ought to keep doing that, so that at the moment the system comes back up, that the next step is taken immediately. He said I don't want our staff to be sitting around idle for no reason. Ms. Reilly agreed and said for our staff, August will be full-on testing and training month but we have the month of July, we have a month to get them out the door, but then they are going to sit in transition. We can work on them but it is still going to be in print format and will need to be entered into the new system.

Mr. Duscha said yes, the pre-application is a very simple thing, there's not much data in it, and it would be easy to function on paper in the interim. The other thing that I think you should focus on is the gap in submitting applications. Once you accept applications, beginning on August 30, assuming that the system works perfectly and the deadlines are what they are today, the deadlines for submitting an application are 60 days before a Panel meeting, so you won't see any of these applications before November, it's not October. Ms. Reilly said actually Steve, let me just say we will be working on the pre-applications and applications. What we are hoping to do is that the applications that are stuck in transition, we are going to get them entered in somehow, either through entering into the new data fields or with migration using data tables into the new system so that in the month of September, we can work them up, do what we can, and we can have something to bring in October. Mr. Duscha said but you stated that the deadline for applications is the deadline for the July Panel, so those should all be approved in July. Ms. Reilly said yes, everything that can be, that can get to that deadline, will go to the July Panel. The pre-applications and applications that don't make those deadlines will be in process, worked up as much as we can, and we will try to figure out how we can take on the work to get them into the data so that we will having something to go forward with in October. We are not counting on cancelling October. The only reason we are alerting people that it is likely going to be two months, is that we know that there are delays and we don't want to launch a system without being confident in the testing, training and the data migration. Mr. Duscha said, on the other hand, you are essentially shutting down ETP for about a quarter and you are going to have more money to spend next year than this year. Ms. Reilly said we hope it's just two months.

Rob Sanger, CMTA: Thanks for all the hard work, I know Maureen and Jill have been working hard on this and it's a tough transition. I think it would be helpful for a consultant to have some certainty, so that if we do bring an employer who is interested, at least we could say your pre-application has been approved somehow, and then we can start working on the application in a word document. I don't know how that is ever going to be put into the system, but there has to be some way to do that, so we can get these applications completed on our end and the client can feel like some certainty is involved. If we say we are going to close off the pre-applications, then I can't even begin working on these projects. Mr. Broad said right, it seems to me that, when I talk about something on our web page, I think there has to be something comprehensive and also interactive in the sense that people could send in questions and the answers to the questions could be posted there, because many questions are going to arise; that is what I'd like to see. But I think we ought to make it very clear to people, the reason I am focusing on this, is this is what I do for a living too in a way. I'm trying to put myself in your place and you want to keep doing your work. So we ought to tell people what they can be doing in the interim. We ought to give them affirmative guidelines. You can do this, if you have a pre-application in, you could start working on this, so that the whole thing doesn't grind to a halt when productive work could be going on in the interim. Mr. Sanger said plus you don't want the perception that 85 people are working on this migration, which there is no way 85 people are going to do it effectively. You need a team that is fed by two pizzas, in the last research I read. You need to be able to feed them with two pizzas, remember that. So keep the pre-applications open because you do have a really good team now that is going through those pre-applications, and I think if we can get that going, and then we could say ETP is working; it's just that there is a delay on uploading the data and the applications.

Derrick Okubo, Strategy Workplace Communications: Many of our clients are tied to the academic calendar and so they start training in August and September. If we have applications that we are targeting for August and September, but they end up going to the Panel later in the year, say in December, can we get an effective start date of August? Ms. Reilly asked if he was referring to a retroactive effective date of the contract. We will consider it; this is something that we want to put people on notice about. I am listening to everything, our team is sitting out here; and we could come back, we will do it online, and we will have some information going out on the website, email and interactive. Mr. Broad said I think that is something to consider on a case-by-case basis, with the understanding that you are taking some risk if you start doing training before anything has been processed; maybe I will ask the staff to think about how this could work. Maybe there needs to be some notification to us that you intend to do this, so that we don't have a bunch of people show up here and all of the sudden, one proposal after another is becoming retroactive, and we never even considered the proposal. I think this should be the exception and not the rule. Maybe it is something that is limited to the academic setting, I don't know. Where it is an educational institution that has training only in certain parts of the year, I would ask that the staff look at this, we have a subcommittee meeting, I think you all need to consider that, those who are interested in this, and it seems like there is a lot of anxiety and a lot of interest to go to this subcommittee that we are going to set up, which I think should be an informal type setting, where we can air all these and try to work through proposed resolutions of these issues. I obviously can't resolve them in one day. It is a fair point and strikes me as an issue that is fair, but also laden with some issues and problems; but maybe if there aren't a flood of these

things it is doable. Mr. Okuba said, well with the understanding that nothing is final until the application is approved, is there something we can do in advance to give you notice that we intend to do this and this will be their training schedule? There will be a lot of them this time of year tied to say December, which typically is a slower time for training anyway. Ms. Reilly said yes, you can submit; if the JATC is tied to an academic calendar you can submit that information with your pre-application and we will consider it. We have had retroactive effective dates on a case-by-case basis; we usually don't go further retroactive than in the start of the month when the Panel renders its decision. We're understanding we need to take some steps to work through these stoppages so that we don't give the wrong message: ETP is not going out of business, we are trying to improve the processes, but it is a process and we have to get through it, so that's a good comment. Mr. Okubo said, so you'll consider it? Ms. Reilly said yes.

Mario Maslac, ETP Planning & Research Manager Project Manager: I'm one of the project managers and I'd like to address some of the questions that were raised because I've been with the project for 2 ½ years. The first one was the parallel testing and why we are not doing it. There is a very good reason; the data between the old system and the new system is incompatible. The new system is fully automated, there is a lot more processing; business rules which will drive the decision making in the new system cannot work with the old data. As such, we couldn't build a link between the new system and the old system, when new information is coming out from the outside. New pre-applications, new applications, cannot be loaded into both systems; we can do parallel testing but you and all of the other contractors would have to make two entries for everything; every enrollment, every invoice. You would have to enter it twice; that is why we decided not to go that direction. What we decided to do is a very robust user acceptance testing. User acceptance testing is going to start on June 30, that is why we are cutting off some of the things like pre-applications and invoicing. We want to have our entire staff test the new system from beginning to end and it has two phases. The first phase is functional testing, which is a blank system with no data in it. We are going to get to test that and figure out if there are any problems. Then they are going to give us about into mid-July, when they will load all of our existing data into the new system. So we will have almost a month where we will run all of our existing data, compare it to the existing system, and see if there are any problems. We will have time to mitigate any of the issues, so by the time we go dark and we deploy, we will know that the system works. We are not going to go live with a system that doesn't work, that is the whole purpose of the go dark period, for us to find out if the new system is going to work as advertised, and we will get to compare it to the existing system. I think we lost sight as to why we are doing this in the first place. Our current system works in a platform called Visual FoxPro; Microsoft is going to stop supporting that February 2015. We have to be out of that system by then, otherwise we are susceptible to flaws; basically Microsoft is not going to patch it, there are no security patches, nothing; we cannot use our current MIS beyond that date. That is why we are pushing for this deployment now and going in this direction.

Their servers are in the level four data center. As far as the order of pre-applications, Mr. Broad, all of our current pre-applications are tagged with a date and time when they are submitted, so we could easily arrange them in that way and address them as they are coming through, and we can do that with existing applications in June and going forward. The reason the pre-applications have to stop, it's not that our staff is going to be sitting doing nothing, everyone will be doing testing. We need to make sure that what we deploy is going to work

for everyone. That is why for the most of August, our staff is going to be testing the new system, making as many entries and as many different variations that we can come up with to try to break it. This new company, the company we are working for, they have already had the CWSN contract with EDD so we are under that umbrella with security. All the security tests must be done, which is required by the state and everything is very secure. The reason we are stopping applications is because currently they are a simple paper document, and there is nothing to migrate; there is really nothing that we can put into the new system. We considered creating a template document, something that we could load in, but the applications and pre-applications are so customized that we would have to create an individual one for every contractor, every applicant, and that became unfeasible. Mr. Broad said so with the new system, basically you are just going to fill the whole thing out on a computer? Mr. Maslac said exactly; from beginning to the end, the pre-application and application, you are not going to have to start over with the application, all of the data that you enter in the pre-application will fill into the application and carry forward throughout the length of the contract. Mr. Broad said well, everyone just remember that you will be saving time on the other end. Mr. Maslac said we are expecting marked improvements in performance and in getting the pre-applications and applications approved and reviewed much faster. Most of the checks are done manually, and the system is going to fully automate now, which should completely reduce the time for development. Our deployment team can be fed with only one pizza; it's just me, Tara Armstrong and Maureen Reilly is the executive-level staff. Mr. Broad said so Mario, if we have this kind of web-based, or on our web page we have a section with question and answers, you could be prepared to answer any kind of these technical questions and if people wish to ask a question, can we also give them a number to call to talk to somebody? I want this to be very responsive while we are going through this process, so people don't feel that just because the system is going dark that the whole government is shutting down. Mr. Maslac said absolutely, we have every intention of having a frequently asked questions page and a posting on all of our websites, the forms and the tracking website with notices about this, so we will develop a frequently asked questions page, as well as a telephone number for outside questions to be fielded. Mr. Broad thanked Mr. Maslac for his presentation.

Mr. Jester said in just knowing the nature of the beast, I can tell you what's going to happen. You are going to get flooded between now and the cut-off date in July, so you might want to consider a two-day Panel because that is what is coming at you, I guarantee. You probably already know that. It is just the nature of the beast; I'm going to go home and accelerate what I was planning to have at the August or September Panel. If I have all the data and they are ready to train, it's coming at you now. There's just no other way to do it, there's going to be some overtime I guess is what I'm saying. Mr. Broad said if we have to meet twice in one month or over a two-day period, or have a very long meeting, we will do that; our meetings are now fairly short. Mr. Jester said and that would be fair because that then gives us the resources to weather the storm. Mr. Broad said guaranteed, whatever we need to do, we will do it. Mr. Jester said that is extremely fair, thank you. Mr. Broad said yes, that is a commitment.

Mr. Broad clarified after the break, that he inadvertently got the two issues confused, and let the computer anxiety show up with the drought anxiety. That is not what I meant; the drought is specifically for the drought, and we will handle the frequently asked questions on the

website, and with direct discussions between anybody who has an issue between our staff and Mario Maslac.

We are now going to move on to the projects and we received a request to hear Tab #67 first, because they have a flight to catch.

## **X. REVIEW AND ACTION ON PROPOSALS**

### **Single Employer Proposals**

#### **Health Net, Inc. (presented out of order)**

Rosa Hernandez, Manager of the Sacramento Regional Office, presented a Proposal for Health Net, Inc. (Health Net), in the amount of \$591,000. Health Net provides and administers health benefits to approximately six million individuals across the country. Service delivery is through group, individual, Medicare, Medicaid, Department of Defense (including TRICARE) and Veterans Affairs programs. Health Net has CA offices in Bakersfield, El Centro, Fresno, Huntington Beach, Los Angeles, Modesto, Mountain View, Oakland, Rancho Cordova, Sacramento, San Bernardino, San Diego, San Jose, San Marcos, San Rafael and Woodland Hills.

Ms. Hernandez introduced Lorin Enquist, Director of State and Local Tax and Steve Duscha, Consultant.

Ms. Roberts noted they were hiring a great deal, as their last proposal for \$600,000 included all new hires, and this one is for all new-hires too, correct? Mr. Enquist said yes, they have added 310,000 new members so far under the Affordable Care Act, which is a significant increase for our company and we anticipate as many as one million members over the next 4 ½ years. Many of the new members have not had insurance before, so they have more questions as they navigate through the system, than our existing members do. Ms. Roberts asked if they have several temporary workers that they bring on from a temporary agency. Mr. Enquist said often what they do, is they have a trial period where they work for a temporary agency, and then they are hired on if it's working out, because as you know a call center is a very difficult job. You have to understand all of our different systems, how to help the customer navigate the website, how to navigate through the complications of their health plan, how to find doctors, it is just endless; so there is a great challenge in meeting that when new members call in. Ms. Roberts said so you are going to train these employees and if they don't get hired full time, then you just train, you're not getting any reimbursement on those folks that you don't bring in full time, is that correct? Mr. Enquist said yes, that is correct.

Ms. Bell said with your temporary employees, what is the qualifying period before they become a full-time employee. Mr. Enquist said the temporary workers come from Kelly Services. Mr. Broad said she was asking for the timeframe. Mr. Enquist said it could be weeks or months. Ms. Fernandez asked if they are looking to hire any veterans in that core group and if they have a specified amount of how many they are seeking out. Mr. Enquist said absolutely, and they have a person assigned to the task of helping to hire veterans, I'll have to ask her exactly what her goal is, but that's her only job. Ms. Fernandez said perfect, I love to hear that as a veteran myself; thank you.

Ms. Roberts asked why a substantial contribution was not applied to this proposal, since their last proposal was \$600,000. Mr. Duscha said there is no substantial contribution because they are all new hires, so it does not apply.

**ACTION:** Ms. Fernandez moved and Ms. Roberts seconded approval of the Proposal for Health Net in the amount of \$591,000.

Motion carried, 7 – 0.

### **AHMC San Gabriel Valley Medical Center**

Ms. Hernandez presented a Proposal for AHMC San Gabriel Valley Medical Center (San Gabriel), in the amount of \$225,300. San Gabriel is a full-service acute care hospital with 273 licensed beds. San Gabriel offers diagnostic imaging, emergency services, gastroenterology, geriatric behavioral medicine center, newborn intensive care unit, orthopedics and spine institute, sexual assault response team, skilled nursing and sub-acute unit, surgical services, and a women's pavilion.

Ms. Hernandez introduced Gail Freeman, Director of Education and Magnet Program.

There were no questions from the Panel.

**ACTION:** Ms. Roberts moved and Ms. Bell seconded approval of the Proposal for San Gabriel in the amount of \$225,300.

Motion carried, 7 – 0.

### **AHMC Whittier Hospital Medical Center LP**

Ms. Hernandez presented a Proposal for AHMC Whittier Hospital Medical Center LP (Whittier Hospital), in the amount of \$247,376. Whittier Hospital is a full-service acute care facility with 178 licensed beds. Core services include emergency, diagnostics, cardiology, critical care, vascular, obstetrics, surgical services (inpatient/outpatient), therapy services, laboratory, medical/surgical, imaging, and pediatric services. Whittier Hospital also offers community outreach programs in wellness, diabetes awareness and stroke awareness.

Ms. Hernandez introduced Nanci Friedmann, Director of Education & Informatics.

Mr. Broad asked about the term "baby friendly". Ms. Friedmann said baby friendly is helping mothers to become more apt to the breast feeding module, which is healthier for the baby. It decreases the chance of illnesses that can lead to diabetes and obesity. The research has found that mothers who breast feed have healthier babies from the start and on into adulthood. The objective is to help mothers want to do that and support them in their efforts. Although mothers have been doing it forever, it is not as easy as it might look on the surface, so our objective is to support them in that and some mothers choose not to and we support them in that choice too. Mr. Broad asked about the drug shortages and he said he hadn't heard that before. Ms. Friedmann said yes, this something they deal with every day. Many



drug shortages are happening because drugs that used to be patented are no longer being produced by the pharmaceutical industry, so they are seeing shortages of very common drugs. For example, just a couple weeks ago, they are experiencing a drug shortage on something as simple as a normal saline IV. Mr. Broad said so there is a shortage of inexpensive to produce generic type drugs but a giant supply of the most expensive biological drugs that you can find. Ms. Friedmann said yes, exactly. Mr. Broad said he was not surprised to hear that. Ms. Friedmann said it is shocking because items that we have in our kitchen such as sodium bicarbonate, which they use in crisis situations in the hospital, are not being produced like they used to. So they have to find other drugs to take their place and their staff has to become familiar with those and become aware of their side effects, and how to manage the patients and deal with these shortages. Mr. Broad said substitutes are more expensive too.

Ms. Roberts said they have done an excellent job in their past performances, they are hiring new nurses and it's a great contract.

**ACTION:** Ms. Fernandez moved and Ms. Roberts seconded approval of the Proposal for Whittier Hospital in the amount of \$247,376.

Motion carried, 7 – 0.

### **American Apparel USA, LLC**

Ms. Hernandez presented a Proposal for American Apparel USA, LLC (American Apparel), in the amount of \$522,280. American Apparel is a clothing and accessory manufacturer, retailer, and distributor. The company headquarters is in downtown Los Angeles and it operates the largest apparel manufacturing facility in the United States. The company also has over 260 retail stores worldwide.

Ms. Hernandez introduced David Nisenbaum, Director of Manufacturing, Accounting and Analysis.

Mr. Broad said so they are obviously on a piece rate and asked if they are guaranteed minimum wage. Mr. Nisenbaum said yes, that is correct. Mr. Broad said the representative was likely unaware that the Panel was concerned about paying for PL, where you are watching someone perform the work, and then it looks like we are paying the company a subsidy while productive work is going on. So in other words, it's not just training; it's actually producing a product you are going to sell. Now, I understand this is the garment industry and you are directly employing these people as opposed to using garment subcontractors as some of your competitors do, and it's not always the nicest system. Is 100 hours of PL really necessary, and is the actual training for 100 hours, because that is three weeks. Mr. Nisenbaum said over the course of this contract, you could have one employee who may be training on several different teams and so that's why it may not be 100 hours on one particular function, because they manufacture a very broad line of products. There are approximately 75 sewing teams at any point in time in their factory. So it is very possible that one employee may move from one team to another and one operation to another operation, until we find what works for them. So during that time, they may get 20 hours in one area and 20 hours in another area. He is capping the PL at 100 hours, but he doesn't think it will

be 100 hours at one particular function; no. Mr. Broad said, I think then that we need to include that it is no more than X number of hours in any one function. Do you see the problem I have? I'm really concerned. The question is that we are subsidizing you not so much to do training, but to figure out, after they are trained, which station they are bringing the most skill to. Mr. Broad said that is really not our job. Our job is literally to train how to operate the sewing machine. We are going to show you how to run the sewing machine, and show you how to do the function and after that, the training is done. At that point, you're just determining whether they are doing a good job, which is not what we really pay for, or pay very much for, or pay for a very long amount of it. I want to be able to support this proposal, but I would like to see it tied down a bit more.

Ms. Roberts said she had many issues with this proposal too. First of all, you are requesting a total of \$750,000. You are requesting \$500,000 now and to receive the additional 30% in July. This is for a new first-time contract, with a 20% turnover rate, with much PL and it includes migrant workers. She said she's been in the business for a long time and you're going to do the administration obviously, but I didn't see anything included about an LMS system. She said in handling multiple positions of the business, there is no way that you are going to be able to administer a \$750,000 contract, especially with no staff at your site that are familiar with ETP. She said I have seen so many proposals come through; this needs to be right-sized because you are not going to be able to get this based on what I know about ETP and the documentation required. Mr. Broad said I am looking at your PL hours and how they are described in the ETP 130. I really don't have a problem with paying for pattern making, technical design, dyeing, knitting or cutting, if it took 100 hours for you to teach those modules, where actual teaching is going on. It's the evaluation of the teaching which is the PL part that is a little worrisome. We have this issue whenever we are into the relatively lower-skilled occupations. So I need some help from you, which is to say how much time does it really take to train someone to do these things, does it really take 100 hours? Mr. Nisenbaum said it depends on what the application is. Certain sewing applications may take 30 to 40 hours to get to the quality and efficiency level. Mr. Broad said, but when they are getting to the proficiency level and are not learning any more, they are just doing it, they are just repeating the thing that they learned; do you understand what I'm getting at? In other words, someone shows me how to prepare an Excel spreadsheet on a computer. Then you do a spreadsheet for them and then they give you something and say do another Excel spreadsheet and you have now learned how to do an Excel spreadsheet. You may be kind of slow at it, but we don't pay for the next 1,000 times that you do an Excel spreadsheet; we pay for those first two times. We pay for actually learning how to do it; but getting good at it doesn't much work for us.

Mr. Nisenbaum said he is having a hard time understanding what is PL. Mr. Broad said we do too; that's been our conundrum. Mr. Nisenbaum said it feels like they are being singled out because they have a low wage, low skill occupation. Mr. Broad said no, you are not being singled out at all. It's just that we struggle with PL as a whole and it has come up before in piece work. Remember, what you want them to do is essentially, if you strip it all down, you teach someone how to sew, but if they don't do it fast enough they are not going to stay in the job because they have to earn more than minimum wage. They have to produce enough so they have to be good at it. But we don't pay for the part where you determine if they are good at it enough. We only get to the part where you teach them how to sew. This is how you run the machine, maybe you evaluate them. I'm inclined to possibly reduce the

PL hours down from 100 to fewer hours, unless we go back and parse this out, to really know what each process involves in terms of the actual time to learn them and do the PL. It's like, teach them and evaluate them, but then it ends at the point where they are just doing productive work and you are determining whether they make the cut or not. Mr. Nisenbaum said, there is a big leap between someone who knows how to operate a single needle or an over lock machine sewing in their home versus going into a production environment. Mr. Broad said, which is presumably who you are getting in the job, somebody who has had experience sewing in the home. Mr. Nisenbaum said yes, they must have some minimal experience in working a home sewing machine, and it takes time to get them to be productive in a sewing environment. Mr. Broad said right, but in a 40-hour work week, 100 hours of PL is almost three weeks. Mr. Nisenbaum said I understand, but let me walk you through how a new style comes into being and what the reality is on the production floor. We can have a T-shirt that is manufactured approximately at a cost of .45 cents on a piece rate, by eight people, and they just run them through. We have standard costs that are set up for that, and those people are way above the productive level that they need for standard costs because when they do their costing, they assume \$13 per hour. But then you take a new style that comes in, and it can take three to four weeks before they can even get to the standard, and that's because there is muscle memory, dexterity problems, and many issues that go on into the sewing process. Mr. Broad said, we pay for the training but we don't pay for how long it takes for you to develop muscle memory. I'm being very serious here, we really don't pay for that part; we pay for the learning part. Our traditional training is classroom training, so that somebody goes to the classroom and you teach them how to do something in the classroom and that's what we pay for. Then when they get back on the shop floor, that is on the employer's nickel and that is not on ours. Mr. Broad said, here we are in an area where it kind of crosses over. It can't cross over so much where it takes five hours, and five hours on one of these things may be a long time or a short time and then there is an additional 95 hours in which someone is watching them work. At that point, that wouldn't work for us; so I'm trying to wrap my head around this, so that it fits.

Mr. Rodriguez had some of the same concerns. He said his Mother worked at a sewing factory for 32 years and he used to go with her as a little kid. He said as an adult, he was part of a task force that was looking into the apparel markets in Los Angeles and nothing has changed. In terms of the recruitment, primarily immigrant women come to these factories to work. They are being assessed on a machine about their skill level, then being assigned to a team based on that assessment because their skill level is relatively high. Those who are not, return back, because the amount of the labor is significant, even though the machines have become much more efficient themselves. He said for 31 years his Mother never became a supervisor because she got paid more by the piece. In 2013, and please correct me if I'm incorrect, he read that American Apparel U.S.A. was having some financial difficulties, or some challenges, and was reconsidering their business model with their contractors, both offshore and here in CA. Is that a different company or the same company? Mr. Nisenbaum said American Apparel is a publicly-traded company, so he is not really at liberty to discuss the financial information about American Apparel because they are a public company. He said the primary owner of the company, their CEO, has never been looking at offshoring anything. They have plenty of opportunity to offshore to save money. Mr. Broad said, that is why I think we want to fund this company because they are one of the few that do not. Mr. Rodriguez said the article mentioned something is being bought, is that imminent? Mr. Nisenbaum said again, American Apparel is a publicly-traded company, but when he

started with the company it was \$2 per share and it went down to .50 per share. They issued more stock, and recently it has gone up to .70 per share. Technically, somebody could buy the company by buying all the stock, but what are they going to do with it? Mr. Rodriguez said so we are very supportive of this proposal, but we want to make sure it's the right amount and we want to make it work.

Mr. Broad said alright, here's what I want to do. It has 50 weighted average hours and we are struggling with PL and trying to come up with a regulation to get our heads around. You just happened to walk into the middle of it and it's not your fault. I think staff is going to have to look at this list of duties, and you are going to have to parse these out. You have to sit down with American Apparel and ask what is the actual time that dyeing takes, plus an increment for evaluating and watching someone for making sure they do it right, then that is what they get for that module. You assess and go from module to module and you'll have a number for each module, and that's what they'll get reimbursed at. If they can get to 100 hours, that's not so much the issue; the issue is that they stick to the module. What we can't have, is to have this so loose that somebody only does shoe making and starts making shoes and that's all they do, and they have two hours' worth of shoe making training and 98 hours' worth of PL afterward; that can't happen. So I would be comfortable with moving forward on that basis, but that requires the staff to do some serious work, to figure out what each module is worth and how many hours they are going to be allocated for each one. He said the company needs to be straight forward with us about how long it really takes to do this. We are happy to fund proposals, but with PL, for your understanding because you haven't been to the Panel before, there is a Dutch thing that goes on here. There's the dam, and behind the dam is money. PL is the newest crack in the dam so we have to put our finger in it, because it's gotten out of control. It had a previous iteration that got way out of control, called structured on-site training, and watching somebody do their work is not what the taxpayers are supposed to pay for because you're just handing the employer dough. You're just giving them a subsidy, and it is not really training anymore; it's just watching people work, saying good, good, not so good. That's your managerial prerogative how you deal with employees once they're trained. So, as of late, as these have come forward, we've had to figure out how to put our finger in the dike. Our staff is in the process of coming up with a PL policy of how to put our finger in the dike which will explain how we are going to make this uniform, but we are in the middle of that. Mr. Broad asked if staff can do what he is suggesting. Ms. Hernandez said yes, they can. Mr. Broad said I'm prepared to move this proposal. Mr. Rodriguez said I'm not comfortable to move this proposal with the amount requested and suggested reducing the amount by half. Ms. Bell said the total is \$750,000, since this is in two pieces. Mr. Broad said the training amount per trainee is \$900, which is pretty low.

Ms. Bell said where I have a concern, is who is going to be actually capturing the training and handling the administration part. Mr. Nisenbaum said, they have a whole department in sewing supervisory and in cutting supervisory; we have whole departments everywhere, I just didn't bring every supervisor to this meeting. Ms. Bell said I understand that, it's the filling out the forms, all of that. Mr. Nisenbaum said they have a self-administered benefits program in their company. Ms. Bell said, where she has seen success in proposals, is when they have one person designated, especially in the beginning, the first time they have gone through the process. When folks don't achieve their percentage, they come back to the mountain and talk to us. It seems like it is repeatedly an issue that no one is really tracking or administering correctly. We want you to be successful first of all, I hope you understand that. But my

concern is that you are doing it all and the administrative part is going to fall based on history I've seen on the Panel. So that is my real concern, and also with the amount of the proposal. Mr. Broad said the problem here is we are a little bit blind, because we really don't know how much actual training it takes in each of these modules, and how many employees are going into each module. We just know that in the industrial sewing module it's a 1:7 ratio and in manufacturing skills it's a 1:2 ratio. I do know that staff has brought that down and worked on this already. Ms. Reilly said they did go through this previously and the particular course topics identified under the PL are also corollary to class/lab. You see the same course topics in the classroom lab section and we could work with the contract representative on the hours and then it would be a matter of recordkeeping. As she understands it, each of these modules has with it a list of skill competencies, which your trainer will be required to sign off on. So we could use that, as we would otherwise use a syllabus, as a method of tracking hours per module, you'll have that in your records anyway and we could control the amount of time that way. The cost to trainee is still relatively low and the average weighted averages are going to be self-corrected in a certain sense, because the average is well below 100 at about 50 hours. There will be some adjustments to restore the full amount of funding, but we have tried that approach before with other PL proposals, as we work our way forward to come up with updated PL guidelines. Mr. Broad said but some of these people will get 100% PL, correct? Ms. Reilly said we could work with the contract representatives. Mr. Broad said his inclination would be to wait another month to consider it but the problem with that is, we don't have a meeting next month and not until June and I feel that is unfair to the application. Mr. Rodriguez asked if there is only one director of training. Mr. Nisenbaum said yes, there is a supervisor in training but was unsure if it is a director position, but there are supervisors in each area. He said their chief manufacturing officer will be very involved in this project, but he is not present today. Mr. Rodriguez asked if any of their staff had any previous experience in managing an ETP contract. Mr. Nisenbaum said no, but as far as managing the ETP contract, if we need to bring in a consultant, we will.

Mr. Broad said if we had a meeting next month I would put this proposal over, because it is just not quite ready. He said I realize you have done work in trying to right size it and bring down the ratios, but in these proposals with a great deal of PL, in a situation where it's piece work, it's very problematic and we need it very tied down to a standard. He said I don't think I have the votes for my own motion, so we really have no choice but to put this over for two months. I'd like the staff to come back with a tied down proposal. Please work with the company and divide this up by duty. We have a weighted average, but when we have something that says some people with have 100% PL, with no classroom training at all for those people, and they are just put to work, that is a little worrisome. There has to be some real limits around it and I think it's going to take more work between the staff and the applicant, to figure out how to make this workable. I'd like to approve this proposal, I think we all do, but it's just not ready yet.

Mr. Rodriguez agreed with Chairman Broad and made some further recommendations. He suggested contacting the City of Los Angeles Workforce Development Office and the Mayor's Office to try to collaborate. He said Rick Jacobs is responsible for local economic development of companies that have been there for quite a while, and I think that would be helpful for your company and for us, to have the confidence to invest. Mr. Broad said I have an idea; some of this is not PL, such as with the computer technicians, programmers and managers. He asked if their training is in the classroom. Mr. Nisenbaum answered in the

affirmative. Mr. Broad said I think we could approve the classroom training portion of it because it doesn't really implicate this piece work, production workers, running sewing machines. Then they could come back in two months with the PL part for the other workers. Would we describe that as Job #2? How would that be described in the motion? Ms. Reilly said you could approve the curriculum for class/lab training and the training amount is already reduced by 30%. Mr. Broad said but don't we have to say what the amount of it is, because we can't obviously approve it for the entire funding amount. Ms. Reilly said I believe you could approve it based on direction to staff to adjust the hours to be funded under this effective date and that would be the amount. You could direct the staff to right-size it, based on removing the PL, and then bring back the remainder at the June meeting.

Mr. Rodriguez asked if staff would then right-size the proposal to only fund the computer skills training and asked if literacy skills could be included. Ms. Reilly said yes, it would be all of the class/lab as I understand it, under Exhibit B, the Menu Curriculum. Mr. Broad said I'm comfortable with that, so the motion is going to be to approve a reduced amount to cover all the training except PL, and with a maximum dollar amount; we don't dispatch the money until staff has arrived at a number. I want to be able to approve a number, and we will do that pursuant to our Delegation Order. We will figure out what it is reduced by, and then that will be the number. I'll receive an email from staff saying the amount is X, can we go forward? Then I'll approve it. Ms. Reilly said if it is going to be pursuant to the Delegation Order, then it is capped at \$100,000 as a Delegation. But you are only talking about the first two months of training, so over a two-year contract, that may in fact be sufficient to begin the classroom training and it will all be tried up at the June Panel meeting. Mr. Broad said right, because they are not going to do \$2M of training in two months, correct? Ms. Reilly said I would assume not because with classroom training; you would have \$100,000 to begin with and at the end of June, the full dollar amount. Mr. Broad said I just want it to come back, and require approval per the Delegation Order, of a fixed dollar amount that we will allow. Ms. Reilly said yes, up to \$100,000.

**ACTION:** Mr. Broad moved and Mr. Rendon seconded approval of the Proposal for American Apparel for only the Class/Lab Hours as listed in the Exhibit B: Menu Curriculum, in the amount of \$100,000.

Motion carried, 7 – 0.

Mr. Nisenbaum asked how the Panel will arrive at the PL guidelines, so they can develop their programs in order to fit into those guidelines. Mr. Broad said staff will have a conversation with your director of manufacturing, and they are going to go through all of these modules. How long does it take to do the training for each of these various modules? They are going to assign a time for that and a reasonable time to watch them and evaluate them, and that's going to be a number. Somebody does training, they get paid for that training, and onward down the list of all of the skills. Mr. Broad said, I don't think it will be that difficult, it is incumbent on the company to be forthright and straightforward in how much time it really takes to teach somebody to do it, and how much time is reasonable in watching them, to see that have understood of the basic training, and then you are on your own. Then your evaluation of them and whether they cut it as a piece rate worker, if they are working fast enough, or with sufficient expertise and lack of error, whatever your evaluation is of your employees, does that make sense? Mr. Nisenbaum said yes.

## **The Capital Group Companies, Inc.**

Creighton Chan, Manager of the Bay Area Regional Office, presented a Proposal for Capital Group Companies, Inc. (CGC), in the amount of \$354,400. CGC provides investment management services to individuals, corporations, governments, pension and retirement plans, and non-profit organizations through financial intermediaries (broker dealers, third-party administrators and consultants). CGC is comprised of several subsidiaries with 7,000 associates in national and international locations to serve clients.

Mr. Chan introduced Mariellen Hamann, VP American Funds and Jeff Sterner, VP Tax and Treasure.

There were no questions from the Panel.

**ACTION:** Ms. Bell moved and Mr. Rendon seconded approval of the Proposal for CGC in the amount of \$354,400.

Motion carried, 7 – 0.

## **Car Sound Exhaust System**

Ms. Hernandez presented a Proposal for Car Sound Exhaust System (Car Sound), in the amount of \$138,856. Car Sound designs, develops and manufactures aftermarket catalytic converters and performance exhaust systems for automobiles. The company's products include universal-fit catalytic converters, direct-fit cat-back exhaust systems, stainless steel tips and OX line of turbo mufflers. It serves professional exhaust installers through its dealers (worldwide), large distributors, and retail operations.

Ms. Hernandez introduced Patricia Welch, Vice President of Human Resources.

Ms. Bell asked if the company representative was employed during the other ETP contract. Ms. Welch said there was another administrator that worked on the previous contract and since that time, they have hired a full time training coordinator, to develop the training database that actually keeps training records that they require for OSHA and manufacturing as well as the training records for the ETP.

**ACTION:** Mr. Rodriguez moved and Ms. Bell seconded approval of the Proposal for Car Sound in the amount of \$138,856.

Motion carried, 7 – 0.

## **Brighton Collectibles, LLC**

Ms. Hernandez presented a Proposal for Brighton Collectibles, LLC (Brighton), in the amount of \$428,880. Brighton was founded in 1972 as Leegin, a men's belt manufacturer, selling its products through wholesale channels. The company obtained its Brighton name in 1985. In 1998, the company opened its first retail store. Brighton eventually expanded and evolved

into a manufacturer and retailer of belts, shoes, handbags, small leather goods, jewelry and other fashion accessories. Today, there are over 160 company-owned specialty stores located throughout the United States as well as an additional 3,500 specialty stores that sell its products including major department stores Belk, Paradies and Vonamur.

Ms. Hernandez introduced Kathleen Mabbott Director of Training and Development and Judith Kriegsman representing JVS Business Development.

There were no questions from the Panel.

**ACTION:** Ms. Bell moved and Mr. Rodriguez seconded approval of the Proposal for Brighton in the amount of \$428,880.

Motion carried, 7 – 0.

### **Decore-Ative Specialties**

Ms. Hernandez presented a Proposal for Decore-Ative Specialties (Decore), in the amount of \$296,800. Decore was founded in 1965 by cabinetmaker Jack Lansford who started work out of his garage. Decore has since grown into a national manufacturing company and a leader in the industry, employing 774 employees worldwide. It supplies cabinetmakers with custom cabinet doors in 250 styles and with a wide variety of materials. Decore also offers high-quality dovetail and doweled drawer boxes, as well as deco-form accessories. Its customers include cabinetmakers, contractors, designers, Sears, Granite Transformations and Home Depot.

Ms. Hernandez introduced Marcos Arroyo, HR Administrator.

There were no questions from the Panel.

**ACTION:** Ms. Fernandez moved and Ms. Bell seconded approval of the Proposal for Decore in the amount of \$296,800.

Motion carried, 7 – 0.

Mr. Broad said we are going to lose our Panel quorum in a half hour. When we lose our quorum, we can proceed as a subcommittee without taking a vote, but the proposals will be considered under the Delegation Order. In which case, in the interim period between now and June, you cannot spend more than \$100,000, because that is all we can approve under the Delegation Order. You'll come back in June with your proposal, we will put together a special Consent Calendar together for those projects so you will not have to present again, unless there is an objection, then they will be approved when the Consent Calendar is approved. That is the best I can do; probably in retrospect, we should have handled this morning's matters where a vote wasn't necessarily required. That being said, we will soldier on as best we can. Ms. Reilly said when the Panel voted on the earlier motion to delegate in the loss of a quorum that allows us to proceed without limiting the funding to \$100,000 under the Delegation Order. Mr. Broad said alright, it looks like we can fund them under the full amount then; I was wrong.



## **Holthouse Carlin & Van Trigt LLP**

Ms. Hernandez presented a Proposal for Holthouse Carlin & Van Trigt LLP (HCVT), in the amount of \$139,125. HCVT is a highly specialized professional services firm that provides audit, tax, business advisory and business management services to private and public companies, business owners, high net-worth individuals, and family offices across select industry niches. The company serves clients in all phases of the business cycle ranging from start-up, rapid growth, to mature companies and business owners seeking exit strategies and other liquidity events.

Ms. Hernandez introduced Jennifer Matsuura, Director of Recruiting & Training.

Mr. Rodriguez asked if this is their first proposal. Ms. Matsuura said yes, it is.

**ACTION:** Ms. Bell moved and Mr. Rendon seconded approval of the Proposal for HCVT in the amount of \$139,125.

Motion carried, 6 – 0.

## **Palmdale Regional Medical Center, Inc.**

Mr. Chan presented a Proposal for Palmdale Regional Medical Center, Inc. (PRMC), in the amount of \$390,432. PRMC, formerly Lancaster Community Hospital, was founded in 1970 and is owned and operated by Universal Health Services. Universal Health Services is the parent to five healthcare facilities in CA. PRMC is an acute care hospital and medical center with 240 beds. The location currently provides 13 medical services which include orthopedic surgery, cardiology/heart disease, emergency services and pathology.

Mr. Chan introduced Daisy Dorotheo, Director of Acute Care Services.

Ms. Fernandez asked if Ms. Dorotheo managed their last proposal. Ms. Dorotheo said no, she is new to the company, but they earned 100% in the previous proposal.

**ACTION:** Ms. Fernandez moved and Mr. Rodriguez seconded approval of the Proposal for PRMC in the amount of \$390,432.

Motion carried, 6 – 0.

## **Roll Global LLC**

Mr. Chan said Tab #56, the Roll Global LLC Proposal, was withdrawn from consideration.

## **SYSCO Ventura, Inc.**

Mr. Chan presented a Proposal for SYSCO Ventura, Inc. (SYSCO Ventura), in the amount of \$225,000. SYSCO Ventura markets and distributes food products, beverages, equipment, and supplies to restaurants, schools, assisted living facilities, government facilities and other businesses throughout Southern CA. The company develops customized food offerings and

services of any size required by the customer along with information on what is being served, how much it will cost and its nutritional value.

Mr. Chan introduced Tom Reim, VP of Human Resources.

There were no questions from the Panel.

**ACTION:** Ms. Fernandez moved and Ms. Bell seconded approval of the Proposal for SYSCO Ventura in the amount of \$225,000.

Motion carried, 6 – 0.

### **Weatherford Artificial Lift Systems, LLC**

Mr. Chan presented a Proposal for Weatherford Artificial Lift Systems, LLC (WALS), in the amount of \$409,600. WALS provides services to oil and gas companies by offering full lines of lift products such as gas, rod, plunger, and hydraulic lift systems, cavity pumping systems, capillary injection systems and electric submersible pumping systems.

Mr. Chan introduced Jenette Buentiempo-Area QHSSE Training Coordinator.

There were no questions from the Panel.

**ACTION:** Ms. Bell moved and Mr. Rodriguez seconded approval of the Proposal for WALS in the amount of \$409,600.

Motion carried, 6 – 0.

### **SYSCO San Diego, Inc.**

Ms. Hernandez presented a Proposal for SYSCO San Diego, Inc. (SYSCO SD), in the amount of \$258,400. SYSCO SD markets and distributes more than 10,000 food products, beverages, supplies and equipment to restaurants, major hotels, cruise ships, hospitals, schools, arenas and military bases throughout San Diego County.

Ms. Hernandez introduced Teresa Livesay, Vice President of Human Resources.

Mr. Broad said he thought SYSCO was a union employer. Ms. Livesay said yes, they do have a union. Mr. Broad asked if they are a non-bargaining union with employees at the facility. Ms. Livesay said they are not included in their proposal for SYSCO SD at this time, but they are interested in including the union.

**ACTION:** Mr. Rodriguez moved and Mr. Rendon seconded approval of the Proposal for SYSCO SD in the amount of \$258,400.

Motion carried, 6 – 0.

## **Tait & Associates, Inc.**

Ms. Hernandez presented a Proposal for Tait & Associates, Inc. (Tait), in the amount of \$103,740. Tait is a construction, architectural and environmental engineering firm that provides civil engineering, construction, surveying, architectural, and environmental services in CA and other states.

Ms. Hernandez introduced Jim Streitz, VP of Finance.

Mr. Broad noted that in their two prior proposals they earned slightly fewer than 60% and asked if they can improve this time. Mr. Streitz said yes, he believes they can do better this time and said they did not do a great job of tracking last time. He said in their first proposal they hit the rough economy and the company had to downsize by about half. They are now back on their feet, they have proper staff in place, with an LMS for tracking, and they plan to incentivize their staff and managers to hit these goals. Mr. Broad said very well; we can't hold you to it, but we'd sure like you to get there.

**ACTION:** Ms. Bell moved and Ms. Fernandez seconded approval of the Proposal for Tait in the amount of \$104,740.

Motion carried, 6 – 0.

## **Temecula Valley Hospital, Inc. dba Temecula Valley Hospital**

Ms. Hernandez presented a Proposal for Temecula Valley Hospital, Inc. dba Temecula Valley Hospital (TVH), in the amount of \$276,640. TVH is the first hospital built in the City of Temecula. TVH has 140 private licensed beds, twenty extensive care beds, four high-tech surgical suites, one cardiovascular surgical suite and one catheterization lab. This new facility also boasts an advanced electronic clinical information system and digital imaging capabilities. Hospital services include cardiovascular, stroke care, orthopedic, pulmonary care, general and vascular surgery.

Ms. Hernandez introduced Katie DiDonato, Director of Clinical Programs, Education and Training.

Mr. Broad asked if she has done this type of training before or is familiar with ETP. Ms. DiDonato said yes, although she is new to Temecula, she has actually administrated three other contracts with Southwest with a sister hospital, and they already have someone in place who does the tracking. Mr. Rodriguez said it's a good proposal.

**ACTION:** Mr. Rodriguez moved and Ms. Bell seconded approval of the Proposal for TVH in the amount of \$276,640.

Motion carried, 6 – 0.

## **Bay Ship & Yacht Co.**

Mr. Chan presented a Proposal for Bay Ship & Yacht Co. (BS&Y), in the amount of \$346,080. The BS&Y shipyard is located on the Oakland Estuary, a deep waterway separating Alameda

from the City of Oakland. The shipyard operates in the center of the San Francisco Bay maritime community, adjacent to the Alameda Ferry Terminal, where ferries transport passengers between San Francisco and Oakland. BS&Y is a full-service shipyard capable of performing maintenance or overhaul of primarily mid-size vessels such as ferries, fishing boats, tugboats, barges and super yachts.

Mr. Chan introduced Chris Rochette, Training Manager and Dinah Swanson, Training Coordinator.

Mr. Broad said I think we need to reduce the number of PL training hours, as 150 is a lot. Ms. Swanson said 65 PL training hours would be sufficient. Mr. Broad said 65 PL hours it is; thank you.

**ACTION:** Mr. Rodriguez moved and Ms. Bell seconded approval of the Proposal for BS&Y in the amount of \$346,080.

Motion carried, 6 – 0.

### **Intuitive Surgical Operations, Inc.**

Mr. Chan presented a Proposal for Intuitive Surgical Operations, Inc. (ISI), in the amount of \$256,932. ISI launched the da Vinci® Surgical System used for general laparoscopic surgery. The da Vinci System enables surgeons to perform complex procedures such as heart valve and cancer surgery through 1-2 cm incisions. Currently, hospitals worldwide use the da Vinci System to perform minimally invasive surgery which reduces incidence of complications, post-operative recovery time, and length of hospital stay.

Mr. Chan introduced Gular Moradian, Senior Manager for Manufacturing Training.

Mr. Broad said 200 hours of PL is way too many hours. Ms. Moradian said they actually had people with 300 PL hours in their last contract that they couldn't upload, because they make robotic systems that are very complex and it takes many hours. Mr. Broad said 200 hours of PL is just too many. He said we need to get that number way down as the average is 82 PL hours and that is the maximum number of PL hours he is willing to allow.

Ms. Moradian said the reason they need 200 hours of PL is that they make robotic systems for use in the operating theater for surgery, as well as instruments that are manufactured. She said the training for the manufacturer of the instrument is low, but the manufacturer for the system requires extensive training. Mr. Broad said a week is 40 hours, so how many weeks does it take to build it? Ms. Moradian said it is a long process, and they took that into account in figuring out the average "man hours" needed for PL. She said, to train in those stations takes 200 plus hours. Mr. Broad asked and how many of those people are there? Mr. Moradian said they just introduced a new robotic system which couldn't be mentioned in the current proposal as the announcement came after the application was submitted. She said the bulk of the employees would have to go through the training because it's a new tool with new parts and features, and they have new employees, as they are hiring.

Mr. Rodriguez asked if they are using the da Vinci® system. Ms. Moradian said yes, they are building the da Vinci® system. Mr. Rodriguez asked if they own the da Vinci® system. Ms. Moradian said yes, surgical manufacturers design the da Vinci® system and they just introduced the XI. She said they are very complex tools used for surgery, and the system itself is basically the robot that performs the surgery. Mr. Rodriguez said he was inclined to support the proposal with the maximum number of PL hours because they own the system and that's where they make some very significant revenues. Mr. Broad said I cannot approve that many hours of PL, it's too many. He said if there was an average of 82 PL hours, then maybe we could say someone can get 100 in a specific area, but 300 hours is weeks of training. Ms. Moradian said, but they are asking for 200 PL hours in this proposal; she was just mentioning that in their first proposal they had people with 300. She said they are highly regulated and they must learn and demonstrate good manufacturing practices. To get that done alone can take about 20 hours, to go through that training, as it contains lean manufacturing and good manufacturing practices. She said they then go into the specific part of the robot they are going to build. That training can sometimes last a couple of months before they are trained. They not only need to get trained, but after the training is completed, they must show them repeatedly that they can actually build X number of units for their station.

Mr. Broad said that is the part we are not paying for with PL hours, to show them repeatedly. Ms. Moradian said right, we are only asking for PL hours on the training portion. Mr. Broad said well if it's the training portion, then how is it PL? Ms. Moradian said it really does take them that long to train. Mr. Broad said I'm sorry, I'm not convinced it takes 200 hours of PL. He said it states that only 10% of your employees need the 200 PL hours, but you said everybody needs the 200 hours of PL. Ms. Moradian said they have two main parts to their system. One is the system which performs the surgery and the instruments that go onto the system that actually perform the surgery inside the body. She said for the instrument portion, she has people that have reached 200 training hours, and with systems, it's typically more than that.

Ms. Fernandez asked what the company's annual budget is for training. Ms. Moradian said it is approximately \$1.7M. Ms. Fernandez said she was inclined to support Chairman Broad's suggestion to reduce the hours of PL. Mr. Broad said if the average is 82 PL hours he was inclined to increase it to 85 hours of PL as the maximum. He said it is a question of who pays for what and not a question of whether they can do this. He said the company can provide billions of hours of PL as part of their training, but it's a matter of what we're willing to pay for. Ms. Moradian said let me describe the training again. We have dedicated trainers who are with the technician 100% of the time while they are learning that particular process.

Mr. Rodriguez said, I don't think you understand that ETP does not have an obligation to pay for that entire training, and suggested she accept Chairman Broad's offer of 85 maximum hours of PL. Mr. Broad said yes, that is what I'm willing to do. Ms. McBride said 85 PL hours is really more than what they are asking for if you do the math. Mr. Broad said well it's more, but it allows somebody to receive 85 hours of PL. Ms. McBride said but they would normally get 82 hours of PL, based on their average. Mr. Broad said they are talking about an average and there are some people that don't get much at all, obviously. He said 85 PL hours is the maximum I'm willing to go; we have to put a limit on PL hours since it's gotten way out of control, I'm sorry. I realize this training is very complex but the representative from the sewing

factory has the same PL hours issue in exacting standards for sewing. We are willing to pay for the part where you teach the person the steps, but PL is the part where you're watching them produce the thing repeatedly, right? And then you are turning around and you're selling that thing. Ms. Moradian said no, the 200 hours is teaching them; I just want to be clear on that. She said I understand your concern but I want you to know that the 200 hours is actually training them to build.

Mr. Broad asked if in those 200 hours, if the person is sitting there 100% of the time with another person sitting next to them. Ms. Moradian said yes, they are with a dedicated trainer. She said on their first contract they were close to 100%. She doesn't have the exact number available but quite a few reached that number. For their systems trainers, she would have a very tough time with 85 hours of PL because after two or three weeks on the job, they are still in training. Mr. Broad said I understand that, but the reality is that it is the size of the check you receive. It doesn't tell you what you can train and said they can continue with PL training as long as they want on their own nickel. We need to have a maximum number of PL hours because otherwise, it will eat up the system. I know the training is complex and if you had a lot of hours of classroom training we would have no problem paying for that. It's the PL portion that's problematic for us and I cannot go beyond 85 PL hours. We are going to have to come up with a PL policy and adhere to it since we are obviously seeing a migration of higher hours of PL.

Ms. Reilly said since we are going on the same weighted average hours to cost out the program, reducing one method of delivery does not reduce the requested or recommended contract amount, it's just reducing that particular method of delivery. So it does not mean a reduction in the contract amount as recommended, there's a big difference. Mr. Broad said, that is the motion to approve the proposal with a maximum of 85 hours of PL.

**ACTION:** Mr. Rodriguez moved and Ms. Bell seconded approval of the Proposal for ISI in the amount of \$256,932, with a maximum of 85 hours of PL.

Motion carried, 7 – 0.

Mr. Rendon and Ms. Fernandez departed the meeting at 1:14 p.m. and a Panel quorum was lost.

When the meeting resumed, Mr. Broad announced that the remainder of projects would be heard but not voted on, as a Panel quorum was lost. As such, the motion to delegate in event of loss of quorum goes into effect that was passed earlier in the meeting.

### **Orange County Electrical Joint Apprenticeship and Training Trust Fund (presented out of order)**

Mr. Chan presented a Proposal for Orange County Electrical Joint Apprenticeship and Training Trust Fund (OC/TTF) in the amount of \$235,147. The OC/TTF is administered jointly between the Orange County Chapter of the National Electrical Contractors Association (NECA) and the International Brotherhood of Electrical Workers (IBEW) Local 441. Its mission is to provide up-to-date industry skills training and secure high-quality job opportunities for journeymen and apprentices in three electrical occupations. The OC/TTF

serves approximately 1,545 journeyman and 224 apprentices. OC/TTF sponsors three apprenticeship programs: inside wireman, sound installer apprentices and intelligent transportation systems apprentices.

Mr. Chan introduced David Lawhorn, Training Director.

Mr. Broad noted the company earned more than 100% on their previous proposal. There were no questions from the Panel.

The Orange County Electrical Joint Apprenticeship and Training Trust Fund Proposal will be considered among the Acting Executive Director in consultation with the Panel Chair or Vice Chair, by the motion taken to delegate in event of loss of quorum.

### **Mt. San Antonio College (presented out of order)**

Mr. Chan presented a Proposal for Mt. San Antonio College (Mt. SAC) in the amount of \$62,300. Mt. SAC serves nearly 20 San Gabriel Valley communities and has a student body of 40,000 individuals from diverse backgrounds. Mt. SAC offers more than 200 academic and vocational programs covering undergraduate majors and specialty programs. The college is accredited by the Western Association of Schools and Colleges, and is approved on the I-Train system providing education and training for Los Angeles County Work Source Center clients. The college has approximately 2,124 full-time and part-time faculty, classified and management employees.

Mr. Chan introduced Paulo Madrigal, Director of Community and Career Education.

There were no questions from the Panel.

The Mt. San Antonio College Proposal will be considered by the Acting Executive Director in consultation with the Panel Chair or Vice Chair, pursuant to the motion taken to delegate in event of loss of quorum.

### **Asian Neighborhood Design**

Mr. Chan presented a Proposal for Asian Neighborhood Design (AND) in the amount of \$171,492. AND is a non-profit architecture, community planning, employment training, and support services organization. AND is dedicated to helping disadvantaged adults, young adults and low-income residents with multiple barriers to employment (such as formerly homeless, formerly addicted, and veterans) become self-sufficient. AND's training program consists of green construction, solar PV installation, environmental services and business skills required for long-term employment. The company also regularly provides one-on-one intensive case management, General Equivalency Degree (GED) preparation, ongoing support and up to one year job referral, job placement and post-graduation retention aid.

Mr. Chan introduced Erica Sklar, Director and Chris Reyes, Program Manager.

Mr. Broad asked about the history of the name of the company. Ms. Sklar said the history behind the name is that forty years ago the company was started by some architecture

students from Berkeley who were concerned, because it was the first time in the seventies that developers were coming into Chinatown and evicting tenants, and the community didn't know how to respond and so they brought their design services in pro bono, so that's where they got their start. Mr. Broad said very good, thank you.

There were no questions from the Panel.

The Asian Neighborhood Design Proposal will be considered by the Acting Executive Director in consultation with the Panel Chair or Vice Chair, pursuant to the motion taken to delegate in event of loss of quorum.

### **Certified Stainless Steel, Inc.**

Ms. Hernandez presented a Proposal for Certified Stainless Steel, Inc. (CSS), in the amount of \$191,240. CSS manufactures tanker trailers that serve the dairy, wine, oil and food industries. The company sells its products under the trademark name West-Mark. Over the years, CSS has expanded its facilities to accommodate growing customer needs. CSS has three CA facilities in Atwater, Bakersfield and Ceres.

Ms. Hernandez introduced Grant Smith, CEO and Jeremy Martinez, HR Manager.

Mr. Broad asked how many hours of PL are in this proposal. Ms. Hernandez said PL hours will be capped at 12 hours per trainee for Job #1 and 40 hours of PL per trainee for Job #2. Mr. Broad said the ratio listed is 1:3 to 1:10 and asked if they are willing to cap the training ratio at 1:5. The company representatives said yes, definitely and the training ratio would likely be more towards a 1:1 or 1:3 mentoring. Mr. Broad said in that case; let's make the maximum training ratio 1:3, since we want to keep that ratio down. The company representatives agreed.

The Certified Stainless Steel, Inc. Proposal will be considered by the Acting Executive Director in consultation with the Panel Chair or Vice Chair, pursuant to the motion taken to delegate in event of loss of quorum.

### **Heritage Interests, LLC**

Ms. Hernandez presented a Proposal for Heritage Interest, LLC (Heritage), in the amount of \$142,192. Heritage is a supplier and installer of pre-hung doors, windows, millwork and hardware to the residential, mixed use and commercial markets in CA. Heritage is unique within the industry by providing an all-inclusive delivery system from sales to manufacturing and installation of the products (pre-hung doors).

Ms. Hernandez introduced Diane Gardemeyer, Owner/HR Manager.

Mr. Broad said now that's what I'd like to see in proposals with PL, as in this one with a 1:1 ratio and 30 hours of PL. Mr. Broad asked, with the employees getting the wage modification of \$11.70, what is their progression to a higher wage after the training. Ms. Gardemeyer said in reality, they will probably all end up making well more than \$11.70. She said they hire employees starting at \$10 per hour. She said their intent is, as they get trained on individual



tasks, and as they accomplish each task, they'll receive an increase in pay based on the task learned. She anticipates that depending on how well they do afterwards, they will probably earn well beyond \$11.70. In some cases, some will earn \$12, \$13, \$14 and \$15 if they get to management or become foremen. With increased responsibility, their pay would increase. Mr. Broad said thank you, it's a good proposal.

The Heritage Interest, LLC Proposal will be considered by the Acting Executive Director in consultation with the Panel Chair or Vice Chair, pursuant to the motion taken to delegate in event of loss of quorum.

### **Hilltop Ranch, Inc.**

Ms. Hernandez presented a Proposal for Hilltop Ranch, Inc. (Hilltop Ranch), in the amount of \$139,800. Hilltop Ranch is a privately-owned almond processor, handling about 30,000 tons annually and shipping to buyers in over 70 countries. The product line includes in-shell, whole natural kernels (both organic and conventional), and manufactured almonds.

Ms. Hernandez noted a correction on the number of PL hours in this proposal. She said the PL will be capped at 40 hours per trainee with a trainer-to-trainee ratio of 1:5. The ETP 130 incorrectly states up to 120 hours of PL. She said during a prep call with the applicant, they agreed to reduce it to a cap of 40 hours of PL with a 1:5 ratio maximum.

Ms. Hernandez introduced Dexter Long, General Manager/Vice President and Genevieve Bardini-Davis, Executive Assistant.

Mr. Broad said a cap of 40 hours of PL is much better. He asked if they are a wholesale supplier. Mr. Long answered in the affirmative. Mr. Broad asked if the ratio of 1:5 could be reduced. Mr. Long was agreeable to reducing the trainer-to-trainee ratio to 1:3.

The Hilltop Ranch, Inc. Proposal will be considered by the Acting Executive Director in consultation with the Panel Chair or Vice Chair, pursuant to the motion taken to delegate in event of loss of quorum.

Mr. Rodriguez asked if they use water irrigation for their factory. Mr. Long said yes, absolutely. The drought is a major concern and said it was quite interesting to hear the drought presentation earlier. Ms. Bell suggested he connect here at ETP. Mr. Long suggested considering funding employers to train their employees on how to conserve water at home on their own irrigation, just a thought. Mr. Rodriguez said we may have staff follow up with you, thank you.

### **Norcal Care Centers, Inc. dba Antioch Convalescent Hospital**

Ms. Hernandez presented a Proposal for Norcal Care Centers, Inc. dba Antioch Convalescent Hospital (Antioch Hospital), in the amount of \$340,284. Antioch Hospital is a family-owned group of facilities certified by Medicare, Medi-Cal and various HMO's to provide skilled nursing care. The facilities provide nursing services, restorative nursing, rehabilitation services, activities program and social services.

Ms. Hernandez introduced Phylene Sunga, Administrator and William Parker, Consultant.

Mr. Broad noted there was no PL in this proposal. Ms. Sunga said yes, that is correct. There were no questions from the Panel.

The Norcal Care Centers, Inc. dba Antioch Convalescent Hospital Proposal will be considered by the Acting Executive Director in consultation with the Panel Chair or Vice Chair, pursuant to the motion taken to delegate in event of loss of quorum.

Ms. Sunga said in relation to workers displaced by the drought, you may want to consider training them in housekeeping, laundry and kitchen positions with nursing homes or hospitals. She said they could earn from \$11 to \$13.65 per hour and they are typically union employees.

### **Pacific Coast Companies, Inc.**

Ms. Hernandez presented a Proposal for Pacific Coast Companies, Inc. (Pacific Coast), in the amount of \$485,568. Pacific Coast services include accounting and internal audit, environmental consulting, human resources, finance, information technology, marketing and advertising, risk management, legal services, tax and treasury management.

Ms. Hernandez introduced Dale Waldschmitt, VP of Operations and Steve Duscha, Consultant.

Mr. Broad noted the 1:1 training ratio and said that was excellent. He asked who the other union is besides the roofers. Mr. Waldschmitt said it is the carpenters.

Mr. Waldschmitt said he has been listening to the presentations on PL, but the hours of PL they are requesting in this proposal is truly half of what they think they are going to train and they were conservative in their request. Mr. Broad said he is more comfortable with longer hours of PL if the ratio is 1:1 because then it doesn't put us in a situation where we are subsidizing what would be a profit making operation for the company. If you have a 1:10 training ratio with people watching people pack a product, it is not clear there is any training going on. Mr. Waldschmitt said I think it's a pretty robust list of training that we will be doing. I am very comfortable that we won't exceed the 75 hours of PL. Mr. Broad said this is a good project, thank you.

The Pacific Coast Companies, Inc. Proposal will be considered by the Acting Executive Director in consultation with the Panel Chair or Vice Chair, pursuant to the motion taken to delegate in event of loss of quorum.

### **Multiple Employer Proposals**

#### **IBEW Local 40-NECA Training Trust Fund**

Mr. Chan presented a Proposal for IBEW Local 40-NECA Training Trust Fund (TTF) in the amount of \$26,825. TTF supports pre-apprentice, apprentice, and journeyman training for electrical workers employed by motion picture studios and electrical construction contractors

working at the studios. The TTF is a joint effort of the International Brotherhood of Electrical Workers Local 40 and the National Electrical Contractors Association (NECA), Los Angeles County Chapter, governed by a Board of Trustees that oversees a five year apprenticeship program and serves 450 journeyman electricians and about 35 employees.

Mr. Chan introduced John Davis, Director of Training.

Mr. Broad asked why this proposal was not included under the Consent Calendar as the amount was so low. Mr. Chan said it was based on “right-sizing”, as the original application request was for \$52,565, so they right-sized it based on previous performance. Ms. Reilly said typically we do not place a MEC proposal on the Consent Calendar. Mr. Broad said yes, that’s right. Mr. Davis said in their first proposal, their Training Trust Committee had hired a consultant and over-estimated what their ability was at that time. He said they represent the Motion Picture Industry in Hollywood and three months after they were approved, because of the economy, they stopped many of the construction projects that they had started and finished off some that were almost completed. Many of their members had to leave the state and leave town. On the motion picture side, with the downsizing they did at that time, members that did work were being trained. They would only work for maybe a few hours a month, and they couldn’t meet the retention, so he really learned a lot. Right now they are in full swing again. Universal is spending \$2.5 billion over the next eight years, Paramount is spending \$1.2 billion, and Disney is going to start their new ABC studios and is breaking ground in December 2014. So with the new technology they have in the Motion Picture Industry, he needs to train their members and also pre-apprentices. They have a Helmets to Hardhats program that brings in veterans. They did not hire a consultant this time and he submitted the application on his own. Mr. Broad asked if his application process experience went well. Mr. Davis said yes, absolutely; after I saw what the consultant did I told the committee that I could do that, so I did, but I was very conservative and I know I’ll exceed that amount. Mr. Broad said well you can come back and ask for more, thank you.

The IBEW Local 40 – NECA Training Trust Fund Proposal will be considered by the Acting Executive Director in consultation with the Panel Chair or Vice Chair, pursuant to the motion taken to delegate in event of loss of quorum.

### **Santa Monica Community College District**

Mr. Chan presented a Proposal for Santa Monica Community College District (SMCCD) in the amount of \$749,128. SMCCD is a two-year community college accredited by the Western Association Schools and Colleges. It provides academic and career technical education for most of the communities in the greater Los Angeles area. SMCCD offers over 80 programs and workforce development resources. Today it has 29,000 students on five campuses.

Mr. Chan introduced Sasha King, Director SBDC, Workforce and Economic Development and Michelle King, Director, Contract and Community Education – Workforce & Economic Development.

There were no questions from the Panel.

The Santa Monica Community College District Proposal will be considered by the Acting Executive Director in consultation with the Panel Chair or Vice Chair, pursuant to the motion taken to delegate in event of loss of quorum.

### **SOMA AEC Inc. dba Oxman College**

Mr. Chan presented a Proposal for SOMA AEC Inc. dba Oxman College (Oxman) in the amount of \$336,797. Oxman is a private, post-secondary and vocational school. The college provides training in computer programming, computer applications, continuous improvement and health care. Oxman has trained immigrants, incumbent workers, high school graduates and welfare recipients.

Mr. Chan introduced Michael Dvorkin, President.

Mr. Broad asked if this proposal was for new hires. Mr. Dvorkin said no, they are retrainees. Mr. Broad said right now your current contract is for retraining but this one is for new hires, right? Mr. Chan said this proposal will have a combination of retrainees and new hires. Mr. Broad asked if this proposal has the same training curriculum as the one that exists now. Mr. Chan said the retraining one, yes; but the new-hire is different. Mr. Broad said it's a little bit like an amendment in the sense that it is the same proposal but for new people. Mr. Chan said yes, that is correct. Mr. Broad asked if we have any limits on how many times a contractor can come back if you are a MEC, or how many times you can come back while you have an existing contract. Mr. Chan said in terms of the previous one, I believe two months ago, we were looking at that situation and whether it was too early to come through and if there was enough time to still perform on it. Mr. Broad said yes, we are going to take this under submission, but think seriously about, if this is approved, to complete it before you come back again. Mr. Dvorkin said but they have already finished the retention. Mr. Broad said yes, he was referring to this proposal because he does not want to have the pattern where MECs are constantly coming back even before they are finished. Mr. Dvorkin said I understand what you mean because we added a new hire component and we need to have more space to place them. It is not retraining, the retraining is fine; we could add it up to the existing contract and amend it but when you add it up, a new hire component is the best way to spread it because you don't know what's going to happen, so you need more space. Mr. Broad said thank you.

The SOMA AEC Inc. dba Oxman College Proposal will be considered by the Acting Executive Director in consultation with the Panel Chair or Vice Chair, pursuant to the motion taken to delegate in event of loss of quorum.

### **United Association Local 342 Joint Apprenticeship and Training Committee**

Mr. Chan presented a Proposal for United Association Local 342 Joint Apprenticeship and Training Committee (UA Local 342 JATC) in the amount of \$373,302. UA Local 342 JATC trains apprentices and journeymen for the piping industry in Northern CA. The JATC serves over 1,700 journeymen and 350 apprentices working primarily in Alameda and Contra Costa counties and various other Northern CA counties.

Mr. Chan introduced Jamie Bird, Training Director and Steve Duscha, Consultant.

Mr. Broad asked if this is their first proposal. Mr. Bird said yes, it is. Mr. Broad said alright, good luck; thank you.

The United Association Local 342 Joint Apprenticeship and Training Committee Proposal will be considered by the Acting Executive Director in consultation with the Panel Chair or Vice Chair, pursuant to the motion taken to delegate in event of loss of quorum.

### **North State Building Industry Foundation**

Ms. Hernandez presented a Proposal for North State Building Industry Foundation (North State) in the amount of \$29,260. North State is a non-profit organization operating exclusively for charitable and educational purposes. North State also provides workforce development services to improve the skills and provide entry-level opportunities in the construction and power/energy industries. North State's customers include multifamily housing employers located throughout 10 Northern CA counties: Sacramento, El Dorado, Yolo, Yuba, Sutter, Amador, Placer, Nevada, Santa Clara, and Contra Costa.

Ms. Hernandez introduced Rick Larkey, Workforce Development Director and Megan Powers, Administrative Assistant.

Mr. Broad asked if they are sort of a non-apprenticeship joint labor management program. Mr. Larkey said they do have a registered apprenticeship program for facilities. He said in the past they have taught pre-apprenticeship with Youth Build and facilities maintenance, and then they have the apprenticeship which is like a journeyman upgrade. The problem that exists in the field quite frankly is that there is such a wide variety of trades that people that need to learn; you have people that have some but not everything. So they offer various courses and then recruit several people to make sure they have everything that they need. Mr. Broad asked if the foundation itself is a foundation that is created by the union or created by the union and employer. Mr. Larkey said they are closely affiliated with the North State Building Industry Association. He said they primarily do residential home construction and they have over 480 members serving the greater Northern CA area. Mr. Broad asked if the Laborers connection to this is that some of the employers are unionized. Mr. Larkey said McCarthy had the labor piece. Mr. Broad said great, I understand, thank you.

The North State Building Industry Foundation Proposal will be considered by the Acting Executive Director in consultation with the Panel Chair or Vice Chair, pursuant to the motion taken to delegate in event of loss of quorum.

Mr. Chan said before we proceed I'd like to take a moment to recognize two staff that are retiring soon. Diane Woodside and Teresa Teles are both analysts from the San Francisco Bay Area office that are listening in on the telecast and they will be retiring at the end of May. They have each worked at ETP for 20 years and they are just fantastic people and great analysts. They have been on many quality control projects. Mr. Broad said Diane and Teresa if you're listening, thank you and have a fabulous retirement. Mr. Chan said I will personally miss them dearly and ETP will surely be hard-pressed to fill that void, thank you.

## **Amendments**

### **Studio Arts, Ltd.**

Mr. Chan presented an Amendment for Studio Arts, Ltd. (Studio Arts), in the amount of \$171,266. Studio Arts is a private training company for high-tech, computer-based software and hardware for the motion picture, television, and post-production industries. The school serves motion picture and television production, visual effects, game, production design, mobile entertainment and online gaming, set design, prop-making and model-making companies in Southern CA.

Mr. Chan introduced Eric Huelsman, President.

There were no questions from the Panel.

The Studio Arts, Ltd. Proposal will be considered by the Acting Executive Director in consultation with the Panel Chair or Vice Chair, pursuant to the motion taken to delegate in event of loss of quorum.

### **XI. PUBLIC COMMENTS**

There were no public comments.

### **XII. MEETING ADJOURNMENT**

Mr. Broad adjourned the meeting at 2:02 p.m.