



**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**

New City Hall
915 I Street
Council Chambers, Room 1103, 1st Floor
Sacramento, CA 95814
May 23, 2013

PANEL MEMBERS

Barry Broad
Chair

Janice Roberts
Vice-Chair

Gloria Bell
Member

Carol Farris
Member

Sonia Fernandez
Member

Michael Hart
Member

Edward Rendon
Member

Sam Rodriguez
Member

Executive Staff

Jill McAloon
Acting Executive Director

Maureen Reilly
General Counsel

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I. PUBLIC PANEL MEETING CALL TO ORDER

Vice Chair Roberts called the meeting to order at 9:48 a.m.

II. ROLL CALL

Present

Gloria Bell
Barry Broad (arrived after initial roll call at 9:54 a.m.)
Carol Farris
Sonia Fernandez
Michael Hart
Edward Rendon
Janice Roberts
Sam Rodriguez

Executive Staff Present

Jill McAloon, Acting Executive Director
Maureen Reilly, General Counsel

III. AGENDA

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

Motion carried, 7 – 0.

IV. MINUTES

ACTION: Ms. Bell moved and Ms. Fernandez seconded the motion that the Panel approve the Minutes from the April 26, 2013 meeting.

Motion carried, 6 – 0.

V. REPORT OF THE EXECUTIVE DIRECTOR

Jill McAloon, Acting Executive Director, said three of the regional office managers, Diana Torres, Wally Aguilar, and Creighton Chan, are joining us via teleconference and Rosa Hernandez is here to present her projects. She said Maureen Reilly, General Counsel, will be

presenting proposed revisions and requesting action on changes to the Seasonal Worker Guidelines.

Regarding our budget, should the Panel approve all of the projects before it today; it will have approved approximately \$58.4M in projects leaving \$13M in contracting capacity for the remainder of the Fiscal Year (FY). To date we have spent \$11M on SET funding, which leaves \$1.4M for the remainder of the year. Regarding alternative funding, we received an allocation of WIA Discretionary Funds through the Labor & Workforce Development Agency in the amount of \$560,000, and those will be allocated for Critical Proposals that will be developed in conjunction with GoBIZ. It will be used for the Healthcare Job Creation Initiative that will target newly hired nurses, allied health professionals, and other occupations that are associated with business expansion. They will be non-profits that are not typically eligible for ETP funding and you will see two projects coming to you in June. ETP also received \$3M under AB 118 through our partnership with the California Energy Commission.

Ms. McAloon said regarding legislation, there is just one bill to report that has potential impact on ETP this month. SB 820, State Government, is part of the Governor's effort to streamline government to make it more efficient and reduce spending. Existing law in the Governor's reorganization plan of 2012 was actually effective July 3, 2012 and it represents a comprehensive overhaul of State Government. It reorganizes functions of government and agencies by approving a general agency structure in the executive branch that will include business consumer services and housing, government operations, corrections and rehabilitation, California Health & Human Services, Environmental Protection Agency, natural resources, transportation and the Labor & Workforce Development Agency. The bill replaces the Business Transportation & Housing Agency (BT&H) with the Governor's Office of Business & Economic Development and it designates that the director of that Agency, or his or her designee, will serve on our Panel as an ex-officio voting member rather than BT&H.

VI. DELEGATION ORDERS

Maureen Reilly, General Counsel, said there were two Delegation Order tabs in the back of the Panel Packet binder. She said this is the last month where we will use the Delegation Order process that we have had it in place for a couple of years now, whereby small businesses and proposals of \$50,000 or less and of \$100,000 or less, can be approved by an order delegated to the Acting Executive Director acting in consultation with the Panel Chair. Under the new Delegation Order process that we approved last month, it would only be used in instances of an emergency such as the cancellation of a Panel meeting. There are twelve small business proposals totaling about \$900,000 and fourteen fast track proposals totaling about \$400,000.

VII. REVIEW AND ACTION ON SEASONAL WORKER GUIDELINES

Ms. Reilly said there are draft revisions to the Seasonal Worker Guidelines under the tab entitled Other Matters in the Panel Packet binder with a cover Memo explaining why she was bringing this to the Panel. One of the basic things we are trying to do is allow more safety training for Seasonal Workers. There is an existing regulation, it is not a statutory prohibition, it is a regulatory prohibition, but in general the Panel funds only special safety training and there is a 10% limitation on the safety training that may occur. In the guidelines, we are asking that the Panel consider funding basic safety training for Seasonal Workers especially, as we have had

some presentations for training workers in the field, and they could certainly use some safety training which could help support the growers in that regard. She said the actual guidelines are following the Memo. These are the Seasonal Workers, and we are still calling it a Pilot but it has been in effect now for several years and it has a statutory basis. She said the initial few lines that are underlined give you a summary of the changes, so there is some minor clean-up also, in addition to the safety training issue.

In general, we are clarifying that in a High Unemployment Area (HUA) the wage may be below the ETP minimum wage. We have a statute that says that with Seasonal Workers there does have to be a wage increase between pre-retention and post-retention periods, but there is not a specific percentage because Seasonal Workers are seasonal time-based. We are clarifying that for purposes of calculating turnover only, full time permanent employees would be included in the rate. There is a minor clarification on page one underlined, UI Code Section 10214.5(d), which is just to include the statutory remnants of the enabling legislation in UI code. At the bottom of page two, it addresses being able to add safety training to the curriculum of Seasonal Workers with reference to the definitions set forth in that regulation. On page three, it clarifies the post retention wages county-by-county wage reduced by 25%. She asked the Panel if there were any questions.

Ms. Roberts asked about the safety training and if it is mandated OSHA training from Cal OSHA. Ms. Reilly said the standards set forth by OSHA are often expressed as best practices; there are some standards that are required, but yes this would allow OSHA training. Ms. Roberts said so in a sense; any Seasonal Workers that come to ETP will be paying for what is already mandated for the company to pay for? Ms. Reilly said yes, that is correct. Ms. Roberts asked if this is the only case where we will honor that. Ms. Reilly answered in the affirmative.

Mr. Broad asked if the amount of safety training could be limited. Ms. Reilly said it allows the Panel to include it, but it doesn't mean that you have to include it in the curriculum. Ms. Roberts said because the whole contract could be just safety training, that was her concern, that we are only funding safety training and no other skills. Ms. Reilly said no, it is proportionate; you could have up to 25% of general training, which would be OSHA, and up to 50% of special training which would include special tools, equipment or skills.

Mr. Broad said if we really want to do something in agriculture and food packing, we are always going to struggle with the question of the fact that those jobs are generally jobs that go nowhere. He said people in these agricultural jobs typically promote into a truck driver, machine operator or management, but they don't go from low-skilled to high-skilled packing house workers or field workers. I think we might consider a little more safety training because these are also very dangerous jobs. If we are really talking about a grower or someone who is willing to really push for best practices, maybe we should further define it. That is worth thinking about, whether we want to talk about best practices or going above-and-beyond normal mandated safety, enhanced safety, maybe that is what we should do, would that work better? Ms. Roberts said we still fund that and anything that is over-and-beyond what is required and mandated by the state. Mr. Broad said right, it is sort of included but beyond, for example, it may be that it is worth us funding an hour about when it is appropriate to go back into the fields when pesticides have been sprayed. Ms. Roberts said that is not required by OSHA; I am looking at the compliance programs. Mr. Broad said, well, it probably is. Ms. Roberts said it is annual training that every employer needs to provide their employees, so if this is a two-year contract, one year

we would be funding their safety training and the next year they would be training in the same curriculum, and we would be funding that again because annually, you need to train in the same category. Mr. Broad said yes, we could state that it is enhanced. Ms. Bell said another item we need to look at in this situation, is that a field worker could promote into an irrigator because it is a skill set so they could move up. Mr. Broad said right now if we saw a situation where they were going to move ten field workers into irrigators and we are going to do the irrigator training, some literacy training, and safety training, we would probably be happy to fund it now. Ms. Bell said I think there is another piece to this; it is the obligation of the employer to provide safety training by the law, you have to do it; being best practice and being an employer and hopefully they want to do it. So that is one piece and the other piece is for the advancement, what we do here, is getting the next skill set.

Ms. Reilly suggested that this could easily be clarified to say that this only applies to the general safety training required by Cal OSHA. Mr. Rodriguez asked if Ms. Reilly conferred with the Department of Industrial Relations (DIR). He said they actually manage the labor contractor program and in that program under state law, they are obligated, they sign a contract, and the contract is sent to the DIR that adheres that they would do specified training of Seasonal Workers. On the other side in EDD, there is an EDD seasonal worker program manager under federal law that has to then visit all of the sites to ensure that the classification of seasonal worker is also adhered to. He said this adds value by the way of the industry; in other words, they have data by industry, and of how many are classified as Seasonal Workers by industry. This gets to another question of how we can learn a little more about who these workers are, determine what industries they are in, and what is their general movement into the skilled jobs.

Mr. Broad said he senses some discomfort from the Panel, which he shares. I think my biggest worry is that every grower in CA will come to ETP requesting \$250,000 for safety training. He suggested taking this back to staff and appointing a subcommittee of three Panel Members. Janice Roberts, Gloria Bell and Sam Rodriguez, to confer with Ms. Reilly, General Counsel, about coming up with a more nuanced version of it that will not open the flood gates and will more accurately describe the kind of safety training we are really looking to fund. We may want to consider safety training and how it fits in combination with other training they would receive. In other words, and you can fund it if it is integral to moving from a standard practice to a more advanced best practice in the industry. Ms. Roberts said yes; even if we limited it to 10% but when you are looking at the numbers, 75% of the training could technically go to all safety issues. Mr. Broad said instead of deciding this right now, let's work with our appointed Panel subcommittee of volunteers, and he asked if they all agreed. Ms. Roberts, Ms. Bell and Mr. Rodriguez all agreed. Mr. Broad said we will bring this matter back next month and then you can articulate the reason why we should vote for it.

Mr. Rodriguez said his recollection is that in 2002 when Gray Davis was Governor, he believes we had passed a law for labor contractors that they had to commit on paper, a number of resources of OSHA training. Mr. Broad said of course we have always been reticent to even fund anyone who would be a labor contractor. He said most of the people we fund are directive, because the problem is going out on a particular farm, if they are employed by the labor contractor, the farmer has no obligation to train them in anything. Then we are really paying for generalized training including safety training, because they have no idea where they are going next. That may even be more problematic; I can't foresee us ever funding farm labor contractors unless they were their own employees, and not the farm workers. Mr. Rodriguez

said correct, but he recalled the agreement was essentially between the contractor and the State, to ensure that the growers allocated resources for the training. Mr. Hart said there are also some valuable OSHA requirements that probably should be moved into the safety training such as providing shade; water per hour per person working in the field; and items of that nature, so we could also include that in some way and the farm workers would know their rights. Mr. Broad said yes, maybe we could say that part of the safety training is to inform them of their rights; that might be a good idea.

VIII. REVIEW AND ACTION ON PROPOSALS

Mr. Broad announced that Tab 15, International Business Machines Corporation, would be presented first due to a flight conflict.

Amendment

International Business Machines Corporation (presented out-of-order)

Rosa Hernandez, Sacramento Regional Office Manager, presented an Amendment Proposal for International Business Machines Corporation (IBM) in the amount of \$424,575. IBM provides Information Technology products and services worldwide. It creates, designs, markets, manufactures and sells advanced technologies including computer systems, software, networking systems, storage devices and microelectronics to customers in a myriad of industries.

Ms. Hernandez introduced Stephen Dodd, Project Executive Public Partnerships.

Mr. Broad said the information provided under current contract performance, states they have earned approximately 18% of the approved amount so far, set to end in September 2013. He asked what they anticipate earning by that time. Mr. Dodd said they have 6,000 hours, so if they just do IT training, they will probably get 30% to 35%. Ms. Roberts said, so for clarification, in the total funding amount of \$424,575, you are not asking for any more money, is that correct? You are just requesting a recalculation of how that money is spent versus Computer-Based Training (CBT) versus regular instruction. Mr. Dodd said yes, that is correct because right now they have 50% IT and 50% CBT. He said he doubts they would do more than 30% by the end of the year, meaning there are many funds that will not be expended. They didn't want to underperform, and it is not like they are not doing the training, it is just in a different delivery method. Mr. Broad said he understood and said he does not see any issues, but as a contract as a whole, he asked what they anticipate earning. Mr. Dodd said if this modification is approved, I believe we would earn greater than 70% and hopefully closer to 100%, but we will leave much CBT training that went back from November 2011 to February 2013.

Mr. Rodriguez asked where the company is headquartered. Mr. Dodd said he is in Houston, Texas but their corporate office is located in Washington D.C. Mr. Rodriguez asked if the 200 workers have all been identified within CA. Ms. Hernandez said there are 200 enrolled trainees. Mr. Dodd said those they have trained so far have been in the system and at the time they pulled that report, it is more than that now. At the time they did the amendment that was through the fourth quarter of 2012, and the notes they provided are through the first quarter of 2013, so those numbers have gone up. Mr. Rodriguez asked if he knew what that number is now. Mr. Dodd said he believes they are close to 600 now. Mr. Rodriguez asked if that is 600

trainees. Mr. Dodd said no, that is a high number; I think right now it is 300 plus; but that is the number of trainees that have been in the system who have done some type of Instructor-Led Training (ILT) and maybe some CBT that has been tied to ILT. Mr. Rodriguez asked if there are 600 trainees in CA. Mr. Guzman said the Panel only funds training for those employees who are CA employees, and funding would not apply for anyone coming out-of-state unless they are paid here in CA, and paying Unemployment Insurance taxes in CA. Mr. Rodriguez said so you are basically asking for an amendment to use your Computer-Based Training (CBT) as a greater incentive to the folks that are going through training. Mr. Dodd said that is correct, and the challenge right now and the way the program works is that every IBM worker that they submit underneath this program must go through ILT, which can be in the form of a classroom or virtual education instructor. If they also do CBT or E-distance learning, that CBT is capped at 50% of the ILT hours; that is how the agreement reads and that is how they have been submitting individuals for reimbursement. The amendment is basically saying of all those things, because their delivery of training now is significantly more than ILT, it is all CBT; so you have a population of trainees who are doing CBT but may not be doing ILT, so they are sitting outside and are not eligible for reimbursement under this grant even though they are doing the type of training that this agreement allows.

Mr. Rodriguez asked why this Amendment needed to come before the Panel, and why it could not have been managed administratively. Ms. McAloon said we probably could have done it in-house but as a practice, we typically bring items to the Panel where there is a significant change in the training plan, and since there was a change in the methodology of delivery, we brought it to the Panel. She said there are no issues, it is just that they want to do more CBT than they had originally planned on doing, and they would have probably done more up front but we had capped it at 50%, and we now only allow people to do more than 50% on a case-by-case basis; and there are not any issues, they are just sharing their delivery method. Mr. Broad said yes, I think just the fact that they are back makes it seem like there is an issue, but there really isn't one, it is just an amendment. Ms. Roberts said they pay great wages, probably the highest wages the Panel has seen, and we know that CBT is the way of the future so we probably need to look at this a little closer. Mr. Dodd said the numbers show that IBM is investing in our employees in CA through CBT distance learning and you are correct; it is the way of the future, and the amendment is that simple, to allow them to include the individuals that are not tied to ILT.

Ms. Fernandez asked when the policy changed and went into effect about the way they deliver training for IBM, and in what year. Mr. Dodd said they have always started migrating toward CBT; it is obviously more efficient and less costly for that type of delivery and you will notice that all universities and colleges are now beginning this method of delivery as well. It is just that with the communications method delivery of the Internet, the type of training you do over the Internet, and some of it is more rigorous in fact, than sitting in a classroom, as he has sat through some of that virtual ILT. Ms. Fernandez asked in what year that policy went into effect. Mr. Dodd said it has been going on the last few years; there is not a date that a policy change was made, it is IBM migrating more towards the method of delivery being CBT.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the Amendment Proposal for IBM allowing CBT hours from 50% to 100%, enabling IBM to count, record, and be reimbursed for all the CBT hours they have provided since 2/19/2013, when they requested this Amendment.

Motion carried, 8 – 0.

IX. MOTION TO ADOPT CONSENT CALENDAR PROJECTS/ACTION (presented out-of-order)

Mr. Broad said there was one proposal that was accidentally removed from the Consent Calendar by staff. Ms. McAloon said that was Tab 5, KND Development 55, LLC dba Kindred Hospital Rancho. Mr. Broad asked that Tab 5 be added back on to the Consent Calendar for consideration. There was no objection by the Panel.

Ms. McAloon asked for a motion to adopt Consent Calendar Items #1 through #5.

Decore-Ative Specialties, Inc.	\$262,440
F. Radich Motors dba Elk Grove Honda	\$45,900
Hayward Pool Products, Inc., a Division of Hayward Industries, Inc.	\$198,080
Postcardpress, Inc. aka nextdayflyers.com	\$168,000
KND Development 55, LLC dba Kindred Hospital Rancho.....	\$99,072

ACTION: Ms. Fernandez moved and Ms. Roberts seconded approval of Consent Calendar Items #1 through #5.

Motion carried, 8 – 0.

Single Employer Proposals

American General Life Insurance Company

David Guzman, Chief of Audits, Fiscal & Program Operations Division, presented a Proposal for American General Life Insurance Company (AGLI), in the amount of \$300,000. AGLI and its affiliate SunAmerica Affordable Housing Partners, Inc. together form a diversified, financial services company operating in five major areas: annuities, mutual funds, institutional investment products, affordable housing, and asset management for individuals and families across the United States.

Mr. Guzman introduced Ronald Reeves, Global Head and Seth Escobar, Talent Development Manager.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for AGLI in the amount of \$300,000.

Motion carried, 8 – 0.

CHHP Management, LLC dba Community Hospital of Huntington Park

Mr. Guzman presented a Proposal for CHHP Management, LLC dba Community Hospital of Huntington Park (CHHP), in the amount of \$248,554. CHHP is a for-profit, 81-bed general medical and surgical hospital accredited by the Healthcare Facility Accreditation Program. CHHP provides outpatient and inpatient services including: pediatric care, specialized

emergency room, telemetry, ICU, and surgical service. Ancillary services include radiology, laboratory, cardio/pulmonary and physical therapy. As an acute hospital, CHHP provides medical treatment for both brief and long-term illnesses.

Mr. Guzman introduced Suzanne Zemer, Director of Education.

Mr. Rodriguez asked about their request to modify the wage up to 25% below the statewide average hourly wage from \$26.71 to \$20.03 in Job No. 1. He asked for the occupations included in Job No. 1 and if they lead to a career ladder experience or opportunity. Ms. Zemer said they all lead to a career ladder; with the kind of training that they do, they are offering training for CNAs so that they can get reimbursement currently through tuition reimbursement through the company that allowed them to continue their education. She said the same applies to LVNs to reimburse through the company to go on for RN training. Mr. Rodriguez asked if the type of training for Job No. 1 includes nurses, as it has MS didactic and MS clinical with preceptor training. Ms. Zemer said yes, that training is for nurses; Med Surge is MS and that is theory, so they have a vendor that comes in and provides education for their nurses in their in-house and throughout CA. They can essentially use the ETP time, and they can take classes wherever needed which meets their CA requirement for continuing education.

ACTION: Ms. Fernandez moved and Ms. Roberts seconded approval of the Proposal for CHHP in the amount of \$248,554.

Motion carried, 8 – 0.

Temple Hospital Corporation dba Temple Community Hospital

Mr. Guzman presented a Proposal for Temple Hospital Corporation dba Temple Community Hospital (Temple Hospital), in the amount of \$301,168. Temple Hospital is a private, for-profit corporation providing short term and acute healthcare services to the extremely dense and racially diverse population of Central and East Los Angeles area. The hospital has a total of 170 licensed beds (159 general medical/surgical beds and 11 sub-acute facility beds). Its services include cardiology, gynecology, general medicine, neurology, oncology, orthopedics, urology, respiratory medicine, general/vascular surgery, female alternative surgery, wound care, bariatric, spinal surgery, and skilled nursing. The hospital also offers other specialty services, such as laboratory, radiology/x-ray, nuclear medicine, ultrasound, physical therapy, echocardiography/cardiopulmonary laboratory, intensive care, acute hemo-dialysis, electroencephalogram/electromyography, and neurological care unit.

Mr. Guzman introduced Aldrin Ibay, Director of Patient Care Services.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for Temple Hospital in the amount of \$301,168.

Motion carried, 8 – 0.

Verengo, Inc.

Mr. Guzman presented a Proposal for Verengo, Inc. (Verengo) in the amount of \$460,000. Verengo is the nation's leading residential solar contractor. The company provides residential

solar solutions to homeowners throughout California, New Jersey, and New York. Verengo has four locations in California: a headquarters in Torrance; and three facilities in Anaheim, Concord and Fresno.

Mr. Guzman introduced Roger Reitzel, Senior Director of Training.

Ms. Roberts said she was not familiar with Verengo, and had not heard of it before through advertising or marketing. Mr. Reitzel said they are located in Southern CA and that is where they do the bulk of their business. He said you have never heard the Ed Asner ads for Verengo? They run almost constantly on the radio. Ms. Roberts asked if it is advertised as Verengo. Mr. Reitzel said yes, Verengo Solar. Ms. Roberts said she was leery about funding solar projects since she has seen what has happened to many of our solar companies in CA and it hasn't been a good story. You say you are the largest residential solar company in CA? Mr. Reitzel said yes, they are a residential installer. He said they sell, market and install and they are specialists in residential and they do more residential work than even Solar City across the country. Ms. Roberts said Solar City has not been a good story. Mr. Reitzel said they are a privately held company and their revenue has tripled in the past two years. They are well capitalized and are in the right place in the supply chain right now, so they are actually in a good position.

Mr. Rodriguez asked for a snapshot of their growth in Southern CA, especially in Los Angeles and Orange Counties in the last couple of years from residential to business. He also said, you are not a manufacturer of solar, is that correct? Mr. Reitzel said yes, that is correct. Mr. Rodriguez said so therefore you have the advantage of buying the latest technology at the lowest price. Mr. Reitzel said yes, they do and again their revenue has tripled in the past two years. They went from a company four years ago who had 50 people and they now have almost 1,000 employees, so their growth is pretty consistent and explosive.

Ms. Fernandez said it states in our materials that there are bonuses but there is no clear explanation as to who receives them and the criteria determined as to who gets what amount because it ranges from .92 to \$25.24 per hour. Mr. Guzman said the proposal outlines that you have compensation delivered through commission and bonuses, and I presume the question is to explain how that compensation is delivered. Is it a production type of performance? Mr. Reitzel said yes, it is delivered on production of performance. Mr. Guzman asked what basis is used to issue those bonuses. He said staff put equivalencies of hourly rates, because that is how we use commission and bonuses, so we expressed those that way. But for instance are production bonuses issued annually or quarterly? Mr. Reitzel said quarterly. Mr. Guzman asked if they are based on the productive activity of a group or unit. Mr. Reitzel said yes, absolutely.

Ms. Bell asked if the majority of their employees are in Fresno. Mr. Reitzel said no, the majority of their employees are located in Anaheim and Torrance. Ms. Bell asked how many employees are in Fresno. Mr. Reitzel said about 50 to 100 are located in Fresno. Ms. Bell asked how they find those people in Fresno, and if it starts off as an entry-level position or if they recruit. Mr. Reitzel said they recruit through all the social media via community colleges, one-stop centers, Cal Jobs, and they recruit broadly. Ms. Bell asked if it is an entry-level position. Mr. Reitzel said yes it is. Ms. Bell asked what qualifications are needed to join their company. Mr. Reitzel said qualifications depend on what position they are applying for, and they are currently recruiting for

sales people and installers. Ms. Bell asked for the qualifications of an installer. Mr. Reitzel said it is preferred if they have some construction background and if not, we recruit like everyone else should, and we recruit for attitude.

Mr. Broad asked if they are in the new home market and if they work with developers and homeowners or if they are in the retrofit business. Mr. Reitzel said no, right now this is strictly existing residential homes.

Mr. Rodriguez asked if Verengo started as a solar business or if it was something else before. Mr. Reitzel said two men bought the company about five years ago. He said they started off as basically window installers, but when they bought it, they planned to convert it to a solar company. So from the beginning of Verengo, it was actually under another name, and from the beginning of when it was called Verengo it has always been Residential Solar. Mr. Rodriguez asked if they saw it as a market opportunity for the solar market. Mr. Reitzel said yes, that is exactly right; they are a new company in a new industry and at the very beginning they believed this solar market could explode and I think they have been right. Mr. Rodriguez asked for the two major suppliers of PV technology. Mr. Reitzel said they use one Korean panel maker and one Chinese panel maker. Mr. Rodriguez said, hence the advantage on pricing, on price points in the market place. Mr. Reitzel said there's an advantage on pricing, and there does not seem to be a great move toward it being manufactured in the United States. Mr. Rodriguez said I will make a motion.

Mr. Hart asked about other compensation. He said in our materials, it states \$20.03 per hour for Los Angeles, Orange and Contra Costa Counties which applies to Job No. 1. He asked why there is not the same requirement for Job No. 2 for the equivalent of the \$20.03 number. Mr. Guzman said just for clarification, Job No. 2 is the Job Creation Initiative and essentially the new hire minimum wage in Job No. 2. In Job No. 1 the reason why it says \$14.69 is that they are in different counties and the wages are higher or lower. The lowest wage in Job No. 1 is \$14.69 but in Los Angeles, Orange and Contra Costa Counties, there is a higher wage requirement.

Ms. Fernandez asked if the bonuses were used to meet the minimum wage requirements. Mr. Guzman said no, they were not.

Mr. Rodriguez asked if installers earn a salary plus commissions. Mr. Reitzel said no, they do not.

Mr. Broad said our materials state the installers are electricians/installers and asked if they are state licensed certified electricians. Mr. Reitzel said no, there are some but they are not part of this program. He said it is not an apprenticeship, and we need to teach them specifics on our installation process. Mr. Broad said so, when you are referring to installers in the actual process, does an electrician make the actual electrical connection? Mr. Reitzel said in every crew there are individuals who attach the solar panels to the roof, who install the racking system, and who carry the panels up to the roof. There is also someone who has the box that creates where the power feeds into the panels that goes into the house, and that is all handled by an electrician.

Ms. Fernandez asked if the person making the connection is a certified electrician. Mr. Reitzel said yes, our foreman on the job would be a certified electrician.

Mr. Broad asked if this training is not for the certified electricians but the installers only, and they are not making the electrical connection. Mr. Reitzel said yes, that is correct. Mr. Broad asked, not even under the supervision of the electricians? Because I think we are a little concerned about this. You are in the home improvement business, which gives many people pause over many things. It is not to say anything negative about your company, but the industry has its problems. I can sense the feelings of the Panel, and there is some discomfort here which I understand, and I am not sure there is a comfort level here with this proposal.

Mr. Rodriguez said they are in the second quarter of their business cycle and asked what they are forecasting in terms of growth within the next four quarters. Mr. Reitzel said their growth continues to go at this rate and over the next two years they are going to add 400 jobs in CA alone; right now their recruiting staff is 25 plus people and they are really hiring. He said while you may consider us in the home improvement industry, I would revise that and say we consider ourselves a green company who is providing a great alternative electric source; yes there is a home improvement component, but that is not the primary drive of the company and that is not why people buy them. They are improving their homes only in the manner that they are lowering their electrical bill.

Mr. Broad asked the Panel members where they are at with this proposal. Mr. Rodriguez proposed a motion. Mr. Broad said there is a motion, is there a second? There was no second.

Mr. Broad said could I suggest reducing the dollar amount down and see how it goes. Ms. Roberts said that would make her more comfortable especially since they are requesting close to \$500,000 for a company, and that she doesn't see people investing in their homes as much as I thought they would. In CA, even though I see the real estate market picking up, I don't see people investing \$50,000 in solar panels on their roofs.

Mr. Rodriguez asked if perhaps Peter Cooper, ETP's Assistant Director, could provide the Panel with a synopsis of the changes in the solar energy marketplace in CA. He said there have been some significant changes in the last two years, and it is not the same as it was two years ago, so companies that are surviving are adapting to new market forces.

Mr. Broad said that would mean withdrawing the Verengo proposal for today and for them to come back, is that what you are requesting? Mr. Rodriguez said yes, that is my motion. Mr. Broad said, so as the maker of the motion that would mean that you would be withdrawing your motion. Mr. Rodriguez said yes, I understand I am withdrawing my motion. Mr. Broad said and you are asking that if we get a report back on the nature of the solar industry and what is going on in this market share, and Verengo comes back and we reconsider this proposal at a future Panel meeting. Mr. Rodriguez said yes, because there will be additional companies in CA that will approach ETP. Mr. Broad said perhaps we should also consider right-sizing this proposal amount down a little because this is a first time applicant that is growing very rapidly. You wouldn't know this, but often times in businesses that are growing or shrinking very rapidly; this training becomes very challenging for them because basically they don't want to take the time to have the people do the training because they want them in the field because they are selling a lot of solar panels. He suggested going back and working with the staff as there is some discomfort with this proposal, and I don't see the Panel votes here today to approve it.

Ms. Reilly pointed out there is a Job Creation Initiative component and a time period for hiring in Job Creation, so it might be possible to hold them harmless in that regard if they have to come back in a month. Mr. Broad said that is reasonable since we are putting them at risk. Mr. Rodriguez said although they have continuous hiring. Ms. Reilly said yes, but it dates back to the window period three months from the date of the Panel; by holding them harmless it would be lending them four months. Ms. Roberts said that is \$280,000 for the new-hires. Mr. Broad said I understand, but Ms. Reilly is just referring to what they can apply it to, not the amount of money, so we can change the amount of money if we want to lower it. Ms. Roberts said she understood. Mr. Broad said something he has learned over his tenure on the Panel, is that he really needs to go with his gut feeling on this. He said I think that you are in a “go” mode and you are new to the training, and we want to make sure that training is really a company priority. Your curriculum is a little sparse compared to what we typically see. It is only a half a page for all these different people, and you probably want to include more detail, and we want to see a real commitment to the training, know when this training is going to happen, and as a practical matter see how these people are going to do this training when you are rapidly expanding in your sales market. You are a company with a lot of sales people compared to the number of blue collar installers, so there is a big sales push, we get that, but we want to make sure that that group of people who are getting skills that are technical installation skills and those skills that will ultimately protect homeowners who are buying this service. I think we want to see exactly what we are talking about in terms of hours and make sure they are not getting 80% leadership skills and 20% how to make sure the roof does not leak when you attach it to the roof. So work with staff, let’s try to get this one back next month, maybe a smaller dollar amount, there could possibly be a Phase II, and we will hold them harmless on the timeframe.

Mr. Rodriguez asked if their consultant on behalf of Training Funding Partners was present. Mr. Reitzel said yes, they are present.

E. & J. Gallo Winery, a Wholly-Owned Subsidiary of Dry Creek Corporation

Ms. Hernandez presented a Proposal for E. & J. Gallo Winery, a Wholly-Owned Subsidiary of Dry Creek Corporation (Gallo) in the amount of \$601,600. Headquartered in Modesto, Gallo also has plants and wineries in Livingston, Fresno and Healdsburg. Gallo distributes wine to 90 countries and is the largest exporter of California wine. Gallo exports 17% of its total wine case volume outside the United States. Some of the brands in Gallo’s wine portfolio include Gallo Family Vineyards, Apothic, Barefoot Cellars, Louis M. Martini, MacMurray Ranch, Bridlewood, Mirassou Vineyards, Frei Brothers, DaVinci, Martin Codax, Ecco Domani, William Hill Estate, and Edna Valley Vineyard. Gallo is also expanding its portfolio with distilled spirits and has recently added New Amsterdam Gin, New Amsterdam Vodka, Familia Camarena Tequila and Shellback Rum.

Ms. Hernandez introduced Rebecca Bettencourt, Training Specialist of Corporate Training.

Mr. Broad asked if the job growth is in the occupations listed, and if that is where a lot of their job growth is. Ms. Bettencourt said a lot of their job growth is actually being out on the production floors because as their business volume is growing, so is the amount of wine that they have to create and ship out. So they are finding themselves at the moment, working a lot of overtime for operators because they are now running what used to be a five-day a week operation, 24-hours a day, to a seven-day a week, 24-hours a day operation. So that is where

their drive has been with their workforce, but it takes six-to-eight weeks to train an operator to be able to operate just one equipment center through the process. Mr. Broad asked if the growth is largely in the area of spirits as opposed to wine. Ms. Bettencourt said no, wine is growing also; spirits and wine have been growing but spirits in particular in the last five years, as they haven't previously been doing anything other than brandy. They have seen a decline in the brandy market and are pushing towards the other spirits market to keep that side of the business as well. Spirits is actually at capacity now and so they are bottling more than they have ever bottled before.

Ms. Roberts asked if the primary hirers are in the Modesto market or if they are somewhere else. Ms. Bettencourt said Modesto is their primary headquarters and they don't just have the bottling and the cellar space in Modesto, they also have a glass plant and that plant is also meeting demand with the business so they have a large number there, but Fresno and Livingston are also large sources of pools of employees. In fact Fresno is going through an expansion at the moment, where they have a concentrate business also, so instead of just being a seasonal site, they are expanding the head count there to being more permanent head counts than there are presently, because of that growth.

Ms. Bell asked of the employees listed, as a total of 4,334 that are in CA, how many are in Modesto and Livingston? Ms. Bettencourt said there are about 2,500 to 3,000 employees in Modesto and Livingston combined. Ms. Bell asked about their Seasonal Workers. Ms. Bettencourt said they have Seasonal Workers on top of that and they are located in Livingston and Fresno, and in the coastal regions as well, and that can go up to somewhere between 500 and 750 employees during that time. Ms. Bell asked for the timeframe of the season. Ms. Bettencourt said the season depends on the area they are working in, so if they are working in the crush facilities, the season runs from the middle of June to early July depending on when the grapes are ready, through to the end of October to the middle of November. In the coastal regions it may be a slightly longer season because they sometimes help with the bottling of the product, so they may do more like eight months. Ms. Bell asked if they also own their own land where the vineyards are grown or if they buy the juice. Ms. Bettencourt said they own certain vineyards but they also buy grapes; a lot of the grapes they buy as grapes rather than juice, but where they need the juice, because it is coming internationally, they will buy as juice.

Ms. Roberts congratulated them on their last contract and said she was on the Panel then and said Gallo is a training machine. She said they are in competition for talent as she works for Frito Lay in the Modesto plant and noted their wages are very good.

Ms. Bell asked if the seasonal employees receive medical benefits. Ms. Bettencourt said no, they do not, but they have a large base of seasonal employees that come back to the business every year. In our plants that have a large seasonal employee base, when full-time positions open up in the operator positions, they reach out to their seasonal employees to let them know they are hiring and they have preference over non-seasonal employees. Ms. Bell asked if they internally hire and promote. Ms. Bettencourt said they do as much internal hiring as they can. Ms. Bell asked for the percentage or measurement against that. Ms. Bettencourt said of the job positions posted in 2011, 70% of those were filled by internal candidates so they were internal promotions and the remaining 30% came in at sort of a higher level and the rest of that came in at the lower level, and last year they had 120 in their allied workforce who moved positions up through the company. Ms. Bell asked if employees remain with their company and asked for the

longest tenure of an employee with the company. Ms. Bettencourt said the average tenure is 10 to 15 years and they just celebrated an employee's 35th anniversary in their safety compliance department, and they have multiple 20-year plus employees, especially in the operator field.

Mr. Rodriguez said he wanted to recognize their labor and management agreements and the diversity of union trades; well done.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for Gallo in the amount of \$601,600.

Motion carried, 8 – 0.

Mr. Broad said during the break he consulted with Ms. Reilly, General Counsel, and it appears that his suggestion of appointing a Panel subcommittee regarding Verengo, would require a full public hearing on that issue and that subcommittee would have to meet in a public location. So what I am going to do, is take back that suggestion, and ask Ms. Reilly to re-draft and consult with our Panel members not constituting a quorum, because that would be a violation of the Open Meeting Act. We will go over it with them and bring it back to the Panel in a reasonable amount of time.

Multiple Employer Proposals

QPE Technical Institute, Inc.

Ms. Hernandez presented a Proposal for QPE Technical Institute, Inc. (QPE) in the amount of \$214,440. QPE is a private, postsecondary education facility that has provided customized, manufacturing skills training for Southern California employers since 1987. QPE provides job-specific technology training in machining manufacturing such as Computer Numerical Control (CNC) machining, Computer-Aided Design/Computer Aided Manufacturing (CAD/CAM) programming, and dimensional metrology. Participating employers consist of a variety of industries including aerospace, aircraft, computer technology, medical-devices, and electronics manufacturing.

Ms. Hernandez introduced Michael Marek, President.

Mr. Hart asked if their company goes into the shop floor and evaluates how to make the job place more efficient. Mr. Marek said yes, that is their goal. Mr. Hart asked if they actually provide the training. Mr. Marek said yes, they do. Mr. Hart asked if this training is only for lathes. Mr. Marek said lathes are certainly part of it, but they provide a multitude of training solutions. He said training could include blueprint readings, general mathematics, GD&T strategies, as well as C&C programming for mills, lathes, routers, lasers, etc.

ACTION: Ms. Roberts moved and Ms. Farris seconded approval of the Proposal for QPE in the amount of \$214,440.

Motion carried, 8 – 0.

Associated Builders and Contractors Northern California Chapter Training Trust Fund

Mr. Broad said with regard to Tab 12, Associated Builders and Contractors Northern California Chapter Training Trust Fund, this morning he received some troubling correspondence and

because it arrived this morning, and it's really not on the record, and relates to the historical performance of this training trust in terms of graduating apprentices. I would like to put the matter over for a month in fairness to the applicant, and to have the staff look into the issue. So without Panel objection, I would like to do that. There was no objection by the Panel. Mr. Broad said that will be the order then, to come back next month.

SOMA AEC, Inc. dba Oxman College

Ms. Hernandez presented a Proposal for SOMA AEC, Inc. dba Oxman College (Oxman) in the amount of \$108,420. 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.

Ms. Hernandez presented Michael Dvorkin, President & CEO.

Mr. Broad said it was his understanding that Auto CAD computer programs that are commonly used now or have been for many years, are now being replaced by a new more sophisticated software and so they will be training people that have been employed with them for quite a while. Mr. Dvorkin said yes, the majority of people have worked there 20 to 30 years. Mr. Broad asked if they are retraining incumbent employees who are used to the old system and require training on the new system. Mr. Dvorkin said yes, that is correct.

Mr. Hart said their materials state that welfare-to-work trainees have additional personnel problems that interfered with the completion of the training and obtaining employment and asked what problems they experienced. Mr. Dvorkin said they have had several successful contracts. He said the last contract was in soft skills training and this proposal is for hard skills training and it is completely different. He said when you do soft skills, it is primarily for the company and hard skills are for both the company and the individual, so commitment is much higher when you do hard skills training. This is what they have done in the past because people needed it; otherwise, people are going to lose jobs. All employees must know hard skills which is why it is very critical training, especially employees that have been with them for a long time, as the majority of their employees are about 50-60 years old.

Ms. Roberts asked if they have actually looked at marketing this and if they have companies already lined up. Mr. Dvorkin said today they are actually better prepared than before, they have requested additional funding and in three months they are supposed to be finished. They have already started a new contract for San Francisco which is very important. I was in the field myself, and I was surprised at how many buildings today they have built, many are occupied very quickly, so I think it is great.

Ms. Roberts noted they reduced the amount of their funding from the last time they were before the Panel. She said obviously you had problems on your prior project, so you came down to the amount that actually you were able to earn last time, so you have the 65 employees already lined-up with your employers? Mr. Dvorkin said they actually have more than 65 lined-up; things change, for instance they train people on the company side and they have onsite and the company site. He said what they did to make sure they will complete the contract, is they are going to over-enroll. Ms. Roberts said to summarize, it looks like a smaller dollar amount now,

and if you recall when you came to the Panel before, the Chairman and I were not happy with what you proposed, and we asked you to come back to the table at a different time and it was those gut feelings that we had and you didn't perform. So now you reduced the dollar amount and it looks good, and we wish you the best, looks like you have technical people. Mr. Dvorkin said yes, I appreciate it and we have very good people actually, and it is very hard to find their instructors. He said he has to be creative. Ms. Roberts said it looks like you have your act together now. Mr. Dvorkin said yes, we have to do this training.

Mr. Rodriguez said we now have a new statute that created the Bureau of Post-Secondary Education by Consumer Services and it says that your BPPV license is through October 2013. Mr. Dvorkin said yes I am going to renew the BPPV license and they have been doing it from 1991.

Ms. Fernandez asked if this training is an industry standard or a certification. Mr. Dvorkin said this is an industry standard for people that want to move or upgrade their skills and there are several levels of those that already use it. He said it is also for people that may want to train in a three-day seminar, they specially assign people to do it, and they are going to offer another project such as Evergreen College, preparation in technology, and this is what they are going to do next session.

ACTION: Ms. Roberts moved and Mr. Hart seconded approval of the Proposal for SOMA AEC, Inc. dba Oxman College in the amount of \$108,420.

Motion carried, 8 – 0.

Sonoma County Junior College District for Santa Rosa Junior College

Ms. Hernandez presented a Proposal for Sonoma County Junior College District for Santa Rosa Junior College (SRJC) in the amount of \$64,070. SRJC, governed by Sonoma County Junior College District Board of Trustees, is an accredited community college within the Sonoma County District. Since 1988, SRJC has provided educational resources to the local business community through customized on-site employee training. Historically, clients include manufacturers, high-technology firms, wineries, and specialty food producers.

Ms. Hernandez introduced Kathleen Kearney, Coordinator of Workforce Training/ETP Program.

Mr. Rodriguez said our materials state that the employer changed ownership several times, impacting the performance of the previous contract and he asked what employer that was. Ms. Kearney said there were three different acquisitions that changed; Icor International is a division of Zodiac, which is a French company located in CA. Mr. Rodriguez asked about the statement that another employer completed fewer hours than planned due to the owner's decision not to continue with training, and he asked which employer that was. Ms. Kearney said that employer was Traditional Medicinals, and she said they grew so much, that every time they tried to have a planning session, they were busy or the people that were supposed to be there to participate were not available; they have, however, given her a very firm commitment for the future, and they really want to be a part of this. They have grown from a small company to the size and the influence that they have now in their market, so they are pleased with training. Mr. Rodriguez asked if that is a different employer from the one that says the owner decided not to continue training. Ms. Kearney said yes, that is a different employer; that was Jackson Family Farms that

we have done much training with over the years. We did one training session with their corporate office and that was all that was available for their time and interest, and they have expressed a lot more interest too. She said she brought a simple table of the kind of certification statements that indicated why this training was expected and the numbers of people that were enrolled was about one-third, so that goes along with the 21% completion. Mr. Rodriguez said it also states that the recession impacted Napa and Sonoma Counties significantly and employers had to forgo training plans. Ms. Kearney said that was more of a residual, they dropped that, and everyone in the State including Sacramento experienced 2008 and the ramp-up to full engagement after that. Mr. Rodriguez said Santa Rosa itself has had tremendous growth in the last couple of years. Ms. Kearney said yes, Santa Rosa has been coming along and in the manufacturing arena too and her contacts with the manufacturing arena rather than this wonderful core group of previously very committed people. She said they have much marketing outreach now too. Mr. Rodriguez said so you have a plan to rectify your prior performance. Ms. Kearney said yes, we absolutely do; you cannot count on what someone says two years previously; their plans can change, so what we know we have to do is make sure that the marketing plan is stronger and stronger. We have new relationships with the County Economic Development Board, and she meets with their staff, and they have referrals that have come through them for new business that are not part of the core group today, but are very promising.

ACTION: Mr. Hart moved and Mr. Rendon seconded approval of the Proposal for SRJC in the amount of \$64,070.

Motion carried, 8 – 0.

X. PUBLIC COMMENTS

There was no public comment.

XI. PUBLIC MEETING ADJOURNS

Chair Broad adjourned the meeting at 12:00 p.m.