



**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  
August 23, 2013

**PANEL MEMBERS**

Barry Broad  
Chair

Janice Roberts  
Vice-Chair

Gloria Bell  
Member

Sonia Fernandez  
Member

Michael Hart  
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  
August 23, 2013

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

Chairman Broad called the meeting to order at 9:36 a.m.

**II. ROLL CALL**

Present

Panorea Avdis (on behalf of Kish Rajan)  
Gloria Bell  
Barry Broad  
Sonia Fernandez  
Janice Roberts  
Sam Rodriguez

Absent

Michael Hart  
Edward Rendon

Executive Staff Present

Jill McAloon, Acting Executive Director  
Maureen Reilly, General Counsel

**III. AGENDA**

Mr. Broad said that Maureen Reilly, General Counsel, does not have a presentation as noted on the Agenda.

ACTION: Ms. Bell moved and Ms. Roberts 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 July 26, 2013 meeting.

Motion carried, 6 – 0.

## V. REPORT OF THE ACTING EXECUTIVE DIRECTOR

Jill McAloon, Acting Executive Director, said today we have our standard mix of single and Multiple Employer Contracts (MECs) and three of the regional office managers were there to present the projects: Creighton Chan, Bay Area Regional Office; Diana Torres, San Diego Regional Office; and Rosa Hernandez, Sacramento Regional Office. Wally Aguilar, Manager of the North Hollywood Regional Office, joined the meeting via teleconference.

Regarding the budget, should the Panel approve all the projects before it today, it will have approved approximately \$10.4M in projects, leaving \$60.5M for the remainder of the Fiscal Year (FY). To date, the Panel has spent \$3.4M in Special Employment Training (SET) funds, resulting in \$11.5M for the remainder of the FY. Our only source of alternative funds at this point is through our partnership with the California Energy Commission in the AB118 program. There is \$3M available this year and at the July Panel we approved \$615,000, which leaves \$2.2M for the remainder of the FY.

Regarding legislation, there are no new bills to report since we last met. However, I would note that SB118, the Unemployment Insurance Education & Workforce Investment System, is moving. The bill directs California's Workforce Investment Board to assist with the alignment of education and workforce investment systems to promote and develop an educated and skilled workforce. The bill encourages state and local WIBs to collaborate with public and private institutions, including ETP, for the purpose of aligning resources across workforce education and training service delivery systems.

SB 594, California Career Pathways Investment bill has been gutted and amended, so that it no longer impacts ETP. As previously mentioned at the prior meeting, each local educational agency and community college district was to establish a career pathway trust fund for the purpose of financing career pathway programs. The trust funds as written previously, could accept revenue from sources including ETP. It has been amended and no longer impacts ETP.

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

Ms. McAloon asked for a motion to adopt Consent Calendar Items #1 through #20.

Atherstone Foods, Inc. dba Glass Onion Catering .....	\$17,160
Best Label Company, Inc. ....	\$89,112
Bulrad Enterprises, Inc. dba Cabinet Connection .....	\$49,140
EI Clasificado .....	\$95,540
Fourte Design & Development, LLC .....	\$30,160
Giroux Glass Inc. ....	\$49,140
GNW-Evergreen Insurance Services, LLC .....	\$80,190
HELIX Environmental Planning, Inc. ....	\$55,250
Horizon Nut, LLC .....	\$49,504
Innovative Molding.....	\$99,660
Jose Arthur Mirelez, Jr., D.D.S., Inc. ....	\$11,880
Marvin R. Hansen dba Aerospace Metal Fabrication .....	\$10,140
Nippon Shokken U.S.A. Inc. ....	\$74,040

Scaled Composites, LLC .....	\$54,000
Semicoa Corporation.....	\$40,300
Spectrum Pharmaceuticals, Inc. ....	\$98,800
Stapleton-Spence Packing Company .....	\$55,120
Versa Products, Inc. ....	\$95,040
West Communication Service, Inc. dba Communication Service Corporation .....	\$8,190
Winslow Automation, Inc. ....	\$49,140

ACTION: Ms. Roberts moved and Ms. Avdis seconded approval of Consent Calendar Items #1 through #20.

Motion carried, 6 – 0.

**VII. REVIEW AND ACTION ON PROPOSALS**

**Single Employer Proposals**

**Consolidated Disposal Services, LLC dba L.A. County LLC**

Diana Torres, San Diego District Manager, presented a Proposal for Consolidated Disposal Services LLC dba L.A. County LLC (LAC), in the amount of \$584,600. LAC provides municipal solid waste collection, transfer, recycling, and disposal services.

Ms. Torres introduced Terri Boatman, Sr. Area HR Manager and James Castro, General Manager.

Mr. Rodriguez asked if this is their first ETP contract. Ms. Boatman said yes, it is. Ms. Fernandez asked if they have prior experience with ETP. Ms. Boatman said they have been working closely with Jewish Vocational Services and Wally Aguilar, Manager of the North Hollywood Regional Office. She said when they decided they wanted to pursue this it was a collaborative effort that includes four general managers that run the consolidated businesses, the area president, and working closely along with Teamsters Local 396, their label partners.

Ms. Bell asked if the employees to be trained are all union or if it includes non-union employees too. Ms. Boatman said that primarily their training is focused on union employees. They would like to open that up to non-union hourly employees with the opportunity for them to obtain a commercial driver’s license, and move them into the driver ranks which is their top wage earning position in the company. She said their driver’s currently average \$22.50 per hour with \$5.78 in health and welfare. She said for a dispatcher, heavy equipment operator or mechanic that wants to move into the driver rank, it’s two-fold. They provide them with a career opportunity and it helps to satisfy their need for drivers and that is what they would like to do with some of this funding.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for LAC in the amount of \$584,600.

Motion carried, 6 - 0.

## **E.T. Horn Company**

Ms. Torres presented a Proposal for E.T. Horn Company (Horn), in the amount of \$259,380. Horn is a distributor of specialty ingredients, raw materials, and chemicals for use in a wide variety of industries. Horn distributes coatings, composites, resins, building materials, elastomers, adhesives, nutraceuticals, cosmetics, personal care products, food ingredients, cleaning products, and animal wellness products.

Ms. Torres introduced Jeff Martin, President of Administration & Operations.

Ms. Roberts asked if this is their first ETP agreement and if the 131 trainees are the majority of their workforce in CA. Mr. Martin said yes, it is their first time to ETP and that it is the majority of their workforce. Ms. Roberts asked if they plan to train them on an average of 110 hours over a two-year period. She said 110 hours is a lot of hours per employee, especially in continuing to do business, and it is harder than you may think. She asked if he would manage the grass roots of this contract. Mr. Martin said he has about eight staff that will assist and administrative folks will help with the administration. He said they have grown quite a bit in the last decade and training has fallen by the wayside. At this point, they recognize the need for more formal training. Frankly, when this came about, we looked at this as an opportunity to be more formalized about it so we can actually make sure we are training the people and getting them onboard with the right programs. So we are using this as a vehicle to formalize a training program in our company. Ms. Roberts said she was glad to see the company before the Panel, but she wanted to make sure that he understands it is not just an automatic and it will take much effort to make this happen. Mr. Martin said yes, and this training is a main focus for them. In the last ten years about 40% of their workforce is new and they are getting into new manufacturing operations, and they have no choice but to do training. Ms. Roberts said if you're 100% successful, which I hope you are, there is always an opportunity to come back to the Panel to request more funding, but if they are not successful, they will get much more scrutiny from the Panel next time.

Mr. Rodriguez asked who on their staff has experience with regulatory and government procedures and timelines in the job training category. Mr. Martin said he has one key employee with regard to that, and because they are in the chemical distribution business, they are part of the National Association of Chemical Distributors. They are going through the ISO program that's catered to National Association of Chemical Distributors, so that's a responsible distribution program. Mr. Rodriguez said so you understand the regulatory sort of hierarchy.

Mr. Rodriguez they are the sort of company that we want to succeed because they are manufacturing their own products, and they do a lot for others in and outside of CA. He said they have a propensity to grow and the quotient is higher as they are in LA County. He said the point person for this proposal should work as closely as possible with ETP staff. He asked how Mr. Martin learned about the ETP program. Mr. Martin said he was approached through some folks in a group he belongs to called Vistage which is a membership business group comprised of many CEOs and Presidents who meet regularly, and individually had participated previously in the ETP program.

Mr. Broad said he has seen many companies that come to the Panel that are unable to train this many people as a percentage of their workforce because things just come up. The business

gets busy and it is hard to take that many people away from productive activities since it's disruptive. Sometimes we see companies come back to the Panel and they have only earned 50%, so he might want to think seriously about whether they want to scale it back and discuss with staff about what is a realistic amount. Mr. Martin said they do not have a choice; they need to go forward and train these people or they won't succeed in these ventures and they have invested a lot of money. If that means bringing on a person to be the key individual to do that, then I will.

**ACTION:** Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for Horn in the amount of \$259,380.

Motion carried, 6 – 0.

### **PCL Industrial Services, Inc.**

Ms. Torres presented a Proposal for PCL Industrial Services, Inc. (PCL), in the amount of \$475,200. PCL is a construction company that provides services to the oil, mining, and gas transmission/compression industries. PLC is equipped to support vessel fabrication and repair, steel structuring, and piping for construction projects.

Ms. Torres introduced Todd Yepez, Human Resources & Professional Development Manager.

Mr. Rodriguez said he was recently in Kern County, and in discussions he had, many companies said they were hiring folks relocating from other states. Mr. Yepez said yes, that happens frequently because Kern County is becoming a logistics area. He said companies such as Target, IKEA, Famous Footwear and Williams Sonoma have moved into the area and those companies may have been before the Panel requesting training funds. Mr. Rodriguez said meanwhile, there is labor to be hired locally. Mr. Yepez said there is, except that many of them are unskilled laborers.

He said they frequently work with unemployment one-stops and county agencies to help to develop people. He sits on many boards to advise their local schools because they keep saying, go to college but yet we have high drop-out rates. People that want to do that, then they sit on unemployment, they sit on welfare, unfortunately sit on doing drugs, and so trying to move them again from nothing to something is a tremendous amount of work. We try to hire these people and try to get them through, try to move them from our starting wage is \$12 with benefits, try to move them up the ranks, so there is great opportunity; it is just that you have to be willing to work, that is one of the problems.

Mr. Rodriguez asked if he has ties with the president of Bakersfield Community College. Mr. Yepez said he works with the workforce training community and with the new career services director.

Ms. Avdis asked for the percentage of their employees that are moving up in the ranks. Mr. Yepez said he hasn't done a statistic on that, but many more from the entry rig level into crane operators, who earn approximately \$27 to \$30 per hour in their area. He estimated approximately 30% of their workforce is moving through those ranks and that is their goal. He said they also like to move the employees in helper level positions into a utility craftsman, who

is similar to a pipefitter, and they are trying to introduce pipefitters into their work. He said many move from their shop facility, which is 50% of their work, into the field and become rig welders. He said if their employees stay with them they move up, they make good wages, and receive benefits. Ms. Avdis said, if he gets those statistics in the future, she would be interested in seeing them.

Ms. Bell asked about their apprenticeship program and how they recruit. Mr. Yepez said maybe it is a nomenclature issue, but they don't use that word per se. He said they move people, hire people, and try to get them into positions and then encourage them to start making career choices and they offer training to do that. He said they work with the Associated Builders Contractors and offer many classes. He said he understands the administration of ETP as he previously worked for Calloway Golf and they had an ETP proposal. His staff person is still with him and one of the keys to doing it successfully is in a classroom style. If they are going to train a utility craftsman or a pipefitter, they will likely put them through 18 weeks of training. Ms. Bell said so you don't have an apprenticeship program but you have a developing program for individuals? Mr. Yepez said yes, they take these people and put them directly into classroom settings so if they are welding they will spend half of their time in the classroom and then after several weeks they will get hands-on welding. In pipefitting they will do the same, but it will be a classroom-type setting and 40 full hours per week. Ms. Bell asked if they are required to take welding. Mr. Yepez answered in the affirmative.

Ms. Roberts was concerned about the high turnover rate at 33%. She noted that they reduced their turnover to 11% in 2009 and said this is not a glamorous job, but there are many non-glamorous jobs that don't have a 30% turnover rate. She said they are now requesting three times more funding than their last proposal which earned 100%. She said with the turnover at 33% that is one-third of their employees that are going to turn. She said she did not know how they are going to earn the funds with people leaving. Mr. Yepez said most of the turnover is due to employees in entry-level positions, so moving up into other ranks is their goal and the company has grown three times from their original proposal with ETP. Ms. Roberts asked how many employees are in entry-level positions and said perhaps we can pull them out of the equation. Mr. Yepez said he believed that statistic was included in their original application.

Mr. Rodriguez referred to the ETP 130 which states that PCL is asking the Panel to accept the high turnover rate of 33% because it is a characteristic of construction work in the oil/gas/mining sector. He asked if that was that was ever confirmed or validated. Ms. Torres said she did not have the answer to that question and was not sure where that number came from.

Mr. Broad asked why there is a high turnover rate especially since they are in a high unemployment area (HUA) and these are high paying jobs. Mr. Yepez said the problem is that they go from project-to-project. If they don't have a current project, they go to other companies and then they return to them when they have another project. There are a limited number of projects in the oil fields so the workers rotate between the companies and it is the nature of the business. Mr. Broad said so the workers actually rotate between the companies, that is really what is happening then here. Mr. Yepez said yes, that is correct. Mr. Broad said so the skills they will get are translatable and if one of their competitors comes to the Panel, we can tell them their people are already trained. Mr. Yepez said yes, pretty much and he believed Surgence has had a previous ETP contract. Mr. Broad asked if workers leave because they are laid off or because there is no work. Mr. Yepez said when their workers believe the work is

slowing down and they have a few weeks in between, they will immediately quit and join a company that is working, then when that company slows down, they move again. Mr. Broad said so the reality is that this is a labor market that is actually working in the employee's favor because you are not even upset at them for doing it. Mr. Yepez said correct, no we are not. Mr. Broad said so the answer to the real turnover question is not the turnover in the classic sense that they cannot hold onto employees. They can't hold on to them because nobody could hold onto them in that circumstance because they are going where there is work. Mr. Yepez said if you look at the construction industry in general, the overall industry has labored between 60%-80% and those are national statistics.

Ms. Roberts said she was still concerned about the turnover and asked if the three-month retention rate still holds true. Mr. Yepez said yes it does. Ms. Roberts said but after you train the employees they can't move around to other companies because then you won't get paid. Mr. Yepez said that's correct, and so they over-train people and kept their numbers down. They put more people into training but didn't count them until the last possible minute so they didn't lose any money. He said their investment was that they had to over-train so their numbers could be much higher than what they are requesting because they cannot meet the numbers because they can't get them through the process. Ms. Roberts asked if he believes the funding amount proposed is too much to handle. Mr. Yepez said no, it is not. He said they plan to train more people than the amount they are requesting, which is what they did in the previous proposal, and they had to go for higher numbers in order to be successful. Administratively, we understand the burden this will take and we were very specific about what positions we wanted to train in, how we wanted to do that, and to be strategic about that process and enrolling.

Ms. Torres said yes, there is still a 90-day retention period. She said if they are not able to bring their turnover rate down to 20% they will forfeit the last 25% of the cost of the trainees. Ms. Roberts said she didn't see that information included on the ETP 130 about the turnover and forfeiture. Ms. Torres apologized for not mentioning it in her presentation. Mr. Yepez said he believed it was 30%. Ms. Torres said I meant 30%, so they would forfeit the last 25%. She said if they lose any workers in the 90-day retention they would not earn funds for those trainees.

ACTION Mr. Rodriguez moved and Ms. Avdis seconded approval of the Proposal for PCL in the amount of \$475,200.

Motion carried, 6 – 0.

### **Private National Mortgage Acceptance Company, LLC**

Ms. Torres presented a Critical Proposal for Private National Mortgage Acceptance Company, LLC (PennyMac), in the amount of \$1,486,200. PennyMac is a mortgage lender and servicer with the mission of revitalizing the mortgage market and providing stability and alternatives to borrowers in need of help. PennyMac offers full-service lending with a wide selection of loan options from first-time buyers to those seeking jumbo, FHA, or VA loans. Today it has modified over 4,000 loans nationwide, reduced \$129 million in unpaid principal balance, and become one of the leading originators of loans through the government's mortgage assistance programs.



The company has also expanded their capabilities to include retail lending, correspondent lending and secondary marketing to become a full-service mortgage entity.

Ms. Torres introduced Candice Shehorn, Director of Training and Development; Nick Shauer, Managing Director of Human Resources; and Paul Johnson, President and COO of CalTraining, Inc.

Ms. Roberts asked if they purchased any Fannie Mae or Freddie Mac mortgages. Mr. Shauer said yes, many of them are. Ms. Roberts asked if they also purchased mortgages through banks such as Wells Fargo or Chase. Mr. Shauer said yes, they buy mortgages through numerous sources and they also originate loans. Ms. Roberts asked if they originate loans too, and not only purchase them. Mr. Shauer said their loan origination business has grown dramatically recently. Ms. Roberts asked for the percentage of Fannie Mae and Freddie Mac mortgages that were purchased. Mr. Shauer did not have that percentage but said it is a significant amount. Ms. Roberts said it was mentioned that the 1,000 employees are nationwide and questioned where they will be located after training. Mr. Shauer said the 1,000 employees are all in CA so they are hiring in CA. He said they do hire some employees in other states such as Texas and Florida, but hire many in CA. Ms. Roberts said, so the 1,000 employees are not all in CA then? Mr. Shauer said all 1,000 employees are to be hired in CA. Mr. Broad said they have to be. Ms. Roberts said yes, but it says hired nationwide. Ms. McAloon said she believes that was an error that staff clarified that prior to coming to the Panel. Mr. Shauer agreed it was an error. Ms. Shehorn said their call center is located in Moorpark where their corporate headquarters is. Ms. Roberts said 200 employees will be located in Sacramento CA and asked where the other 800 employees will be located. Ms. Shehorn said the other 800 will be in either the Pasadena or Moorpark facilities. Ms. Roberts asked if they are all call center employees. Ms. Shehorn said no, they are not. Mr. Shauer said they have a lot of support staff too and the call centers are for multiple purposes such as originating loans and servicing loans. He said there is also support staff, a significant HR team, and a capital markets group based in Moorpark. Ms. Shehorn said there are also loan officers and their sales force.

Ms. Bell asked about their recruiting strategy in hiring 1,000 individuals. Mr. Shauer said historically, they have hired a lot from the network of people within the industry or who were once in the industry and displaced. He said they have hired about 75% of their employees through that kind of networking process and the rest have been hired through campus recruiting and other typical sources. He said they will continue their same sourcing practices; however, they have experienced a reduction in their ability to recruit from the network because many have already been hired and there are not many left, so their percentage of people hired through other sources is getting stronger. They increased their recruiting team of two people to nine people in just the last three months to accommodate that need. A large amount of recruiting activity will be on the campuses of Cal Lutheran, Cal State Northridge, UCLA, Santa Barbara, and other campuses and community colleges that are located within a reasonable distance of their offices.

Mr. Rodriguez asked if their company base is less than 10 miles of where Countrywide had their headquarters. Mr. Shauer said it's about 20 miles from there. Mr. Rodriguez said he believed they housed about 3,000 employees at that location. Ms. Shehorn said yes, and company-wide they had about 60,000 employees. Mr. Rodriguez said so you have recruited many former employees and some that are still in the industry? Mr. Shauer said some worked at

Countrywide and some are coming directly from Bank of America (B of A) as B of A acquired Countrywide. He said some went elsewhere, in different directions. Mr. Rodriguez said so the bulk of the 550 trainees are call center servicing; 185 for compliance risk management and 160 loan processors. He asked if more than 50% of the training will occur at one facility or multiple facilities. Mr. Shauer said training will occur at all of the facilities and in some cases they will bring them in centrally. Ms. Shehorn said yes there is currently training taking place in Sacramento, Pasadena and Moorpark.

Ms. Roberts said so most of these employees would already have the required skills then if they are coming in from Countrywide or B of A. She said the individuals being hired from colleges are probably going to be in management positions, as she didn't believe they would be brought in as a call center employee earning \$15 per hour. Ms. Shehorn said some previous Countrywide and B of A employees will have the necessary skills but they are hiring many to advance their careers into different areas. They could have previously worked in a call center and now they are coming in and want to possibly move into loan processing, sales representative or underwriter positions. She said some individuals have no mortgage industry experience and they begin at the entry-level positions and provide career paths for them.

Mr. Rodriguez said regulatory changes occurred at both the federal and state levels and have dramatically changed the industry, so many have to be completely retrained even if they had 20 years in the industry especially with new technology. Ms. Roberts said but we don't pay for regulatory training. Mr. Shauer said it's not necessarily regulatory training specific. Mr. Broad said we don't pay for mandatory government training. Mr. Shauer said the way they perform work now is different than how it was performed several years ago. He said in order to meet regulatory requirements, they have to train in very different ways than they did in the past and it is much different now. Mr. Broad said he recently purchased a home and obtaining a loan was very different this time compared to the requirements the last time he purchased a home. He said he had to prove all of the different income sources of where the money came from; some came from his clients and some of the questions were practically about where the clients got the money from. So I have to believe that underwriting loans is a much more complicated process than it was previously.

Mr. Broad said in terms of the mortgages that are still underwater, you purchased some of those non-performing loans. Obviously, what you are saying is that you kind of cut your teeth in trying to get them performing, and somehow did, because you are making money and expanding. He said during the period of the recession, ETP had some companies come to the Panel who were in the mortgage business and it wasn't clear what they were doing. Therefore, the Panel was very uncomfortable funding these proposals. Some were funded, but we wanted to be sure we were not providing funds to facilitate the mistreatment, in my opinion, of people who had loans that should have been modified and for whatever reason weren't being modified by the very institutions you are getting your workers from, such as B of A. He said many of them have been sued and some of them have regulatory criminal issues related to what they did. I want to make sure our money is not going toward training people on how never to answer questions or to lose paperwork because that is what occurred in your industry and it was deplorable and ugly. It's still going on and I for one will never use our funds to train people how to essentially abuse consumers because it is not an appropriate use of our money. I want to be assured that what we are funding is traditional training in the mortgage industry such as loan underwriting. Ms. Shehorn said they recently offered 54-hour training for individuals that are underwriter

associates, so they have no signature authority. She said she's been in the mortgage industry for twelve years and back then, many underwriters were using a system instead of using their critical thinking skills. If the system said based upon the information entered into the system to grant a loan, they would. We are saying even though there might be automatic systems in place, you are going to learn how to do it paper-by-paper. She referred to Mr. Broad's recent loan experience of discovering where the money came from, verifying it, and taking them through the whole process. They then work with a mentor who is PL and stay with that person, so they are still not doing the loan solely and someone else is monitoring it. She said they have much regulatory and compliance guidelines to follow and have internal auditors that are constantly monitoring them as well as external auditors such as Fannie Mae or Freddie Mac. She said the CFPB was just there for five months and their findings were just about perfect. Mr. Shauer said yes, they were. Ms. Shehorn said they often come back and say they are doing a great job and they are the company that is catching it internally first, before it ever gets out. We don't want an auditor to come in and tell us what our findings are; we want to be able to say we are already aware of that and working on it, and that is where all of the training is coming in. Mr. Broad said so you are not going to use the funds to figure out how to foreclose on individuals. Ms. Shehorn said no, we are keeping you in your house. Mr. Broad said good; that is what I want to hear.

**ACTION:** Mr. Rodriguez moved and Ms. Fernandez seconded approval of the Critical Proposal for PennyMac in the amount of \$1,486,200.

Motion carried, 6 – 0.

### **Prompt Delivery, Inc. dba Southern California Messengers**

Ms. Torres presented a Proposal for Prompt Delivery, Inc. dba Southern California Messengers (SCM), in the amount of \$113,500. SCM offers messenger, courier and delivery services in Southern California. SCM moves packages and goods such as documents, clothing, and medical supplies for clients that include medical facilities; retail chains; banks; printing and graphics companies; and government agencies.

Ms. Torres introduced John Neiman, Director of Operations.

There were no questions from the Panel.

**ACTION:** Ms. Roberts moved and Ms. Bell seconded approval of the Proposal for SCM in the amount of \$113,500.

Motion carried, 6 – 0.

### **Shlemmer+Algaze+Associates Interiors & Architecture, Inc.**

Ms. Torres presented a Proposal for Shlemmer+Algaze+Associates Interiors & Architecture, Inc. (SAA), in the amount of \$111,072. SAA provides consulting, architectural/interior design, space planning, construction documents, and tenant improvement construction services.

Ms. Torres introduced Julie Wolfe, Director of Human Resources.

Ms. Bell asked if they also retained the services of Training Funding Source in their prior contract. Ms. Wolfe said yes, they did. Ms. Roberts said it is a good contract.

**ACTION:** Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for SAA in the amount of \$111,072.

Motion carried, 6 – 0.

### **GreatCall, Inc.**

Ms. Torres presented a Proposal for GreatCall, Inc. (GreatCall), in the amount of \$205,360. GreatCall develops and provides mobile health applications and services, cell phones, and accessories. It sells its products through retailers and directly to consumers, as well as online via the Web. GreatCall is best known for its easy-to-use Jitterbug cell phones, with easy-to-read numbers and menus and an array of health and well-being software designed for senior citizens. It also provides customer support and emergency assistance services through its Call Center in Carlsbad.

Ms. Torres introduced Renan Quiambao, Director of Training & Quality Assurance.

There were no questions from the Panel.

**ACTION:** Ms. Roberts moved and Ms. Bell seconded approval of the Proposal for GreatCall in the amount of \$205,360.

Motion carried, 6 – 0.

### **Sysco Riverside, Inc.**

Ms. Torres presented a Proposal for Sysco Riverside, Inc. (Sysco Riverside), in the amount of \$185,400. Sysco Riverside markets and distributes fresh and frozen meats, seafood, prepared entrees, produce, desserts, dried foods, paper, cleaning items, china, silverware, and restaurant equipment. Customers include restaurants, hotels, hospitals and other healthcare facilities, schools and colleges, casinos and military facilities located in the high desert and mountain communities, Palm Springs desert, the Inland Empire and South Orange County.

Ms. Torres introduced Patti Cheselske, Director of Human Resources and Donna Rayford, Training & Development Specialist.

Ms. Roberts asked if every location is a subsidiary of Sysco and where the main office is located. Ms. Cheselske said yes, Sysco Corporations is located in Houston, TX.

Mr. Broad asked about the Substantial Contribution (SC). Ms. Torres said there is no SC because this is the first time at this facility and the SC regulation pertains to benefitting at the same facility. Ms. Torres said but even if it was at the same facility, job creation proposals are not subject to a SC.

Mr. Rodriguez said so in each of the active projects for San Diego, Ventura, Central CA and Los Angeles, all of the facilities were submitted separately as one entity? Ms. Torres said yes, that is correct; they were all submitted separately but they were still analyzed collectively to consider a SC, high-earner reduction, etc. Mr. Rodriguez said so in terms of the workers being trained, are workers moving around your subsidiaries or do they remain at one facility? Ms. Cheselske said they stay at one facility. She said for Sysco Riverside, those employees service that particular facility and the customers surrounding it.

Ms. Fernandez asked if they handle all of the active projects or only Riverside. Ms. Cheselske said they only handle Riverside.

Ms. Bell asked if Ms. Rayford is the training developing specialist. Ms. Rayford said yes, that is correct. Ms. Bell asked if she wrote the proposal. Ms. Rayford said yes, she did. She said it was a collective partnership between her and Ms. Cheselske, and they did formal training needs assessments which involved their VPs and department directors, and they did a lot of homework before they got to this point. She said this represents only 70% of their operations employees which is warehouse transportation maintenance, and only 80% of their administrative team such as customer service, sales, finance and credit.

Mr. Rodriguez asked if the new-hires have already been hired out of the total 110 full-time workers. Ms. Rayford said yes, they already have been hired.

**ACTION:** Mr. Rodriguez moved and Ms. Roberts seconded approval of the Proposal for Sysco Riverside in the amount of \$185,400.

Motion carried, 6 – 0.

### **Guckenheimer Enterprises, Inc.**

Creighton Chan, Manager of the Foster City Regional Office, presented a Proposal for Guckenheimer Enterprises, Inc. (Guckenheimer), in the amount of \$204,000. Guckenheimer is a contract foodservice company specializing in onsite foodservices (cafeterias, coffee bars, and catering services). Examples of California clients include Google, Wells Fargo Bank Headquarters, Blizzard, POM, Safeway, Stanford, the California Farm Bureau, and Blue Shield of California.

Mr. Chan introduced Linda Hanssen, Director of Training and Development.

Ms. Roberts asked if they still work on the Stanford campus. Ms. Hanssen said yes, they operate the Stanford Faculty Club and the Palo Alto Men's Club but they don't handle student feeding. Ms. Roberts said she was at a Google facility recently and it is such a great place to work. She said they have such a high concentration of healthy eating there, and it's a great opportunity for people that have lesser skills to work in those environments instead of fast food restaurants. She said she didn't even realize that they had this service. Ms. Hanssen said yes, definitely, and what they are learning is immense because they serve a different menu every day, with new entrees and new items they are putting out because they are feeding the same people. So they are not just learning one menu or one set of items that they prepare, they are learning all different types of cuisine and they are constantly being challenged. She said their

clients, and Google is a great example, and a company they recently signed with is very demanding in what they want nutritionally and what they don't want. I was at Google San Francisco a couple of weeks ago and the chef was explaining that they no longer serve white bread, white rice, or even baked potatoes. They serve potatoes, but they will serve the different varieties of them. It's not to take things away, but their challenge has been to encourage and entice people to make healthier choices. Ms. Bell asked if they prepare food that is gluten-free. Ms. Hanssen said yes, absolutely; vegan, gluten-free and basically their philosophy are to serve every nutritional lifestyle that there is because if you are working there at that facility, you expect to be able to go to the café and find the things that you need. Gluten-free is an excellent example of why we need this training because our staff needs to know this. Food safety is another key part component of what we are going to be training in. We are required to have a food safety specialist certified at every location but you are not required by law to take that all the way down to all of the food service staff. One of the things that she included in this program is to provide that certification for everybody that handles food. We are even discussing that dishwashers and people who receive food need to know how to handle it properly.

Mr. Rodriguez asked who their top competitors are, since they are a private company. Ms. Hanssen said ARAMARK and Compass Group are their top competitors. Mr. Rodriguez asked where they are based. Ms. Hanssen believed that most of their headquarters are based in New York but they will go by a name such as Bon Appetit, and even though you are buying Bon Appetit or Lifestyle, they are owned by the larger mother company. Sodexo is another large competitor and they do a lot of colleges and schools.

Ms. Roberts asked where the headquarters of Guckenheimer is located and if it is near Oracle. Ms. Hanssen said their headquarters is in Redwood Shores on the lagoon and near Oracle. She said funding is important for them when they bid out a contract, as many larger companies will offer to make a very substantial investment and they are not large enough to be able to do that and must stand on their own two feet in terms of their performance.

**ACTION:** Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for Guckenheimer in the amount of \$204,000.

Motion carried, 6 – 0.

### **Golden State FC LLC a Wholly Owned Subsidiary of Amazon.com, Inc.**

Ms. Hernandez presented a Critical Proposal for Golden State FC LLC a Wholly Owned Subsidiary of Amazon.com, Inc. (Golden State), in the amount of \$2,000,000. Golden State and its subsidiaries operate retail websites through which they sell goods purchased for resale from vendors and other goods from third-party sellers. To fulfill customer orders, Amazon depends on its global network of warehouses to fulfill orders. Golden State operates a number of these warehouses (fulfillment centers), three in California.

Ms. Hernandez introduced Mike Grella, Director of Economic Development; Adam Ware, Senior Financial Analyst; Craig Woll, Senior Manager of Associate Learning & Development; and Kelvin Downes, General Manager-Tracy. Mr. Grella said there were also other Amazon staff present, which have put much time and effort into this application and will be on the ground

responsible for implementing the ETP grant if awarded. He asked them to quickly stand and introduce themselves.

Mr. Downes said they have interviewed and hired 331 associates over the last two days. He said the reason why they are in the Tracy and Patterson area is that Amazon is very customer centric. He said they start with the customer and move backwards and they are very proud of that. We want to get close to our customer and this is a huge and very exciting market for them and where they need to be, with fulfillment facilities in Tracy and Patterson. The Tracy facility is what we would call a "sort building", where smaller sortable products are located and then they have a "non-sort facility" in Patterson which holds the larger items. So for example, if you were to buy a 3-D TV you would buy that from a non-sort facility. To ensure that customers don't have to open too many packages and it is frustration free, when they buy a 3-D TV they would also want to get a DVD and probably some more 3-D glasses. So the DVD and the glasses are the small items, high volume in the Tracy building, and then we would pack and ship those to our Patterson building. We would combine the orders and then ship them, so we are always satisfying the needs of the customer from an experience standpoint. So ease for the customer; we will always have a non-sort building and a sort building located close together. In order to achieve the customer experience that we're always striving for, we have to start by evaluating our internal customers and we pride ourselves in Amazon in our associate experience. Over the last two days they have been telling all the associates that he works for them rather than Amazon, because they are the ones who add the value and they're the ones that support the customer. In order to do that, they have to hire and develop the best, so they have hired 331 associates in the last two days. He said some people are very emotional and they have heard some real amazing, heart-wrenching stories. Some people drop to their knees and say they are so glad to have a job and we're changing lives. So we have done some hiring and are continuing to do so, and our next challenge is to do the developing. So to really develop the best, we have to invest in those associates and not only in the productivity skills. We're here to make sure that not only are our quality and product great, but the foundation of our quality and productivity is investing into having a great associate experience. So the proposal that we have before the Panel is our master program where we have one ambassador that will nurture ten associates. Some of our associates are new and have been out of the workplace for a while so we want to ease them into our learning curve, making sure they have an ambassador or go to person that supports their development in the company as well as their skills.

Mr. Grella said something that was not mentioned in the ETP application is Amazon's "Career Choice Program", which is a program that awards and allows employees 95% reimbursement of tuition cost with community and technical colleges, to obtain certifications and credentials in high-demand occupations. He said they understand that not everybody is going to want to be a fulfillment associate for 5, 10, or 20 years and so the way that they structured the program, is they don't want to subsidize somebody leaving to become unemployed someplace else. He said they actually use Department of Labor and government data to identify the skills such as an x-ray technician; software engineer; auto mechanic or some sort of industrial trade. If somebody wants to pursue fields where they could get that certification and then leave Amazon, we see that as a win-win for everybody. So not everybody will be able to move vertically, but we are giving people that option so that they can pursue careers in other disciplines. If they want to stay and grow in Amazon that's fantastic, but we also want to encourage people to pursue their dreams. Within the space of supply chain logistics and customer fulfillment, they are also looking at different programs that allow for industry-recognized credentials that will allow people

to have transferrable skills that they could use and leverage to grow with the company, or grow with other companies as well. It's worth mentioning that the National Retail Foundation (NRF) recently named Amazon the number one employer about a year ago, in terms of retail customer service. How did we achieve that? The NRF cited efficient, fast and reliable service. He said that really starts and ends with their fulfillment center associates that are the backbone of the ETP application they have submitted. The ability to deliver that type of exceptional customer experience is really embedded in having their fulfillment center associates motivated, trained and productive, and working in a safe environment and being efficient and excited about coming to work every day. The culture that they try to foster is of continuous improvement and learning and empowering employees to make suggestions and changes, and I believe it's a good fit for ETP and we are really excited to be in CA. The investment numbers that were mentioned earlier are just the investment in machinery and equipment. It is a multiple of that number when you consider what it cost to build a \$1 million square foot fulfillment center. So the investments are very significant, and they plan on hiring for this peak season, over 1,000 employees combined at the two facilities and that number will grow next year even more, as they get to the second peak season. We are ambitious, but we are not so ambitious that we are going to open a facility and try to squeeze thousands of people in eight weeks after the facility is open; so it may be a test run to have 1,200 people working in two new fulfillment centers around the first season that it's open. I think it's an ambitious goal, but next year I think you'll see even more packages getting out to everybody earlier, in time for the holiday season.

Mr. Broad had a question about the training itself. He said it appears it is 100% Productive Lab (PL) training, which is similar to on-the-job training or what we used to call structured onsite training, which has been problematic for the Panel. He said I will tell you why it has been problematic and you tell me why it won't be in this circumstance. He said we really don't want to be in a situation where we are simply paying people to work at their job that and the training is to do it faster; there is not a real training component, it's just the job. That has always been what has troubled us; not that on-the-job training isn't a great idea and isn't necessary, but it is problematic for us for that reason. So tell us why and the way this is set up, where it will truly be an educational experience and they are really being trained in skills. Mr. Grella said the paradigm that they have for training associates in Patterson and Tracy is different and innovative from what they have done in other fulfillment centers. He said the funding that could be made available through ETP would allow them to have what they call a robust "Ambassador Program" where people could have more intimate, one-on-one training that would allow for development and improvement of productivity that you would not necessarily see in other facilities, and Mr. Woll will speak further about that.

Mr. Woll said I think that's a good description of it. He said the real key to administering it is having on the ground, the ability to actually make sure the right things happen during that period of time. We know that it's very difficult to learn all of the custom systems, the custom equipment and all those components, and that's where many folks have difficulties as they are learning the job. So in the structure, what they have done is that at every site, they have a learning manager who is at the site and that person manages the actual PL component and makes sure that it's happening. In addition to the Ambassador Program mentioned they go through robust training themselves and are taught how to work with the associate in a way to help them learn. So as they are working with them they are coaching them and looking at not only productivity, which of course is important in their business, but also looking at safety. He said as employees are doing a repetitive job, they want to make sure they do it safely, that they're using proper



technique and forms, and prevent any type of injury. We also want to make sure there is quality; their highest concern is their customer and therefore the quality of how they package a box or handle a product is really important to them. In addition to that, in some of these jobs it is necessary to teach them various additional aspects about their job over time moving from simple to more complex tasks, so they continue to coach and train them throughout that period.

Ms. Roberts said their menu curriculum is pretty minimal to request \$2M. She said she would typically see a ten page curriculum in this instance, but they only have a half a page of curriculum. She said with the PL that Mr. Broad mentioned you say that is 10:1 and asked how they do that. Mr. Woll said the curriculum is pretty generic because of the scope of the grant. He said they have many different occupations and are training in several areas. He said they offer one-on-one training with their powered industrial trucks and are with a certified trainer learning how to use that type of equipment. He said the program is actually much more structured. Mr. Woll said it's a one-on-one coaching experience that they have with the individual, and the ambassador spends time with them individually. He said every person reacts differently to the environment and so you have to spend that time with them and must do it over-and-over again. As you watch them progress and learn, especially in the pit, that is a very complex job to learn, and it's important to ensure they are doing it correctly, safely and with high quality. Ms. Roberts asked if that also includes any in classroom training. Mr. Woll said some jobs have classroom elements but they don't do much classroom intentionally because they don't want to do what in learning, they would call denaturing; which is when you pull somebody out of their real environment. As you do that, it's harder to transfer that knowledge and so they put them in as realistic as a position as possible so that the knowledge is transferred more effectively to the individual. That is why they do a lot of their training specifically in the environment itself versus in a classroom where they have to describe something rather than actually show them in a realistic environment. Mr. Grella said and they also do process simulations, correct? So we should talk a little bit about that too.

Mr. Rodriguez asked if Mr. Woll brought a copy of their curriculum training manual. Mr. Woll said no, he did not bring that with him and that it is primarily online, which is partly why. Mr. Rodriguez said yes, he was aware that it was online and said it is quite extensive. Mr. Woll said yes, it is. Mr. Rodriguez asked if there was a reason why they did not include that extensive training program as part of the materials in requesting \$2M under this proposal. Mr. Woll said no, there's no reason in particular. He said they keep a pretty robust log and each of the process passes has its own training learning plan. Mr. Rodriguez asked if there was any proprietary concern. Mr. Woll said there are parts of it that are proprietary in nature, but most of it is not proprietary. Mr. Grella said I think it would be helpful to get all of you out to the fulfillment center. Mr. Rodriguez said this proposal has been years in the making and the leadership, with the Governor and the Governor's office, is to be commended in Amazon making the right decision to come to CA, given it is one of their largest markets. He said literally, it is combined with New York, New Jersey, Connecticut and Massachusetts, is that correct, in terms of your market share? But I think the expectation was that besides the great presentations and the stories, was to really look at the meat and potatoes of your training for the workers and the job seekers from Tracy and Patterson because as you know, the Central Valley has a robust warehouse industry. So you have folks with experience and without experience and I believe that in other locations and facilities you are a 24/7 operation. You have unique training modules that you've brought to the market and I think this is a great opportunity to showcase that and I think we were expecting that. Mr. Woll said thank you, I appreciate that; he said their online

system holds a great deal of data of that kind of training material and they did not print out all of the individual materials. Mr. Rodriguez said, and we also wanted to get an understanding of what part of that training would be essentially matched with the ETP funding, and that way you could provide the entire Panel with much more of a pathway to clarity, for lack of a better description.

Ms. Fernandez asked if there was there an emphasis made to hire any veterans. Mr. Grella said Amazon has very robust military relations and a recruiting department that is deployed all over the country that includes the most highly decorated female ordinance bomber pilot in the history of the Air Force who works for them in Seattle. He said their goal that they've consistently met in their new fulfillment center hiring, and they had what they call their staffing engine deployed out to Tracy and Patterson recently, is that 25% of all of their exempt management positions, which are the higher paying positions that pay anywhere from \$50,000-\$60,000 a year to six figures, which holds their HR and operations leaders to that commitment of hiring 25% of our management staff in addition to the collaborations that we've had. Mr. Broad said and if you don't do it, we won't be saying anything, it will be in the Washington Post. Mr. Grella said exactly; it'll also be in the LA Times and the SF Chronicle, so yes it is an area they take great pride in and where they can certainly provide additional metrics. We will meet that commitment, we have met that commitment, and so they are excited to be putting as many veterans back to work at their fulfillment centers as possible. Ms. Fernandez asked what type of jobs the individuals could promote into based on coming on to Amazon as shipping/receiving staff, process guides, process assistants, or problem solvers. Mr. Downes said any job; if I consider two of the largest facilities we have in the network in North America, the two large facilities are run from previously Tijuana associates. So while my message yesterday and the last two days when we're recruiting is, we are a career of choice for you, whether it is inside of Amazon or out and if you take it, we will keep investing with you. He said they have general managers and regional general managers that actually start in the company's Tier 1, as the company keeps growing and they are fortunate to grow. Their skill base and investment from learning is allowing people to grow any which way they can, and they are very proud of that.

Ms. Bell asked, of the 331 people that were hired in the last two days, and I congratulate you for that, what is the qualifying period for health insurance for those new employees? Mr. Grella said from day one. Mr. Downes said yes from day one, it's immediate. Mr. Grella said it's a comprehensive benefits package that has medical, dental, vision, 401K match and company stock which represents about 9% of average base pay over the last several years and all hourly associates get a full benefits package including a very attractive and competitive healthcare benefit. Ms. Bell asked how long it takes to vest in the 401K. Mr. Grella said I believe it is two years and with a stock as well.

Ms. Roberts said she is very excited that Amazon is in CA. She said when she first saw that this proposal was coming before the Panel she thought this is terrific for what they are going to bring to CA which is unbelievable. But from an ETP standpoint, I'm just taking a step back and looking at the contract. Mr. Sanger said in regards to the ETP curriculum, the reason why they generally keep that very basic is that is what they will get audited to. So if they list hundreds or thousands of courses, it is much harder to administer. When the ETP will come out and monitor and audit they will be able to find a checklist of how those courses fit into those buckets. We call those "bucket courses" because they are very general, but you will be able to see very specifically, what the name of that course is because there are just too many courses to fit on

this curriculum that the Panel reviews. They also prepared an extensive four-page explanation of the PL training and I don't believe you were able to get a copy of that. When we met with ETP staff and managers, we explained the PL in depth and that's not something we submitted as part of the application, but staff did due diligence in. I really think from a monitoring audit standpoint, what we provide to the ETP monitor and how that matches up with the curriculum is going to be much more specific, and if you want any other additional details about the training, I'm sure Amazon can provide that as well. Ms. Roberts thanked Mr. Sanger for the explanation. She asked if Amazon is called Golden State FC LLC from a tax purpose, is that why you have that for CA? Because people aren't going to recognize that name, they are going to recognize Amazon. Mr. Grella said it's a disregarded entity under Amazon fulfillment services and they have different entities around the country that represent sort of the regions where their fulfillment centers are. Ms. Roberts said but they're not all called Golden State, correct? Mr. Grella said no, only the CA ones are. He said this is a unique name and many are Amazon.com and then the initials of the state.

Ms. Roberts said in relation to your educational program you offer, I think it's great. She said the company she works for has one too and they have used a lot of their training in articulated credits too. So not only can you provide the options of 95% reimbursement, you can also articulate some of the training that we are going to provide you towards credits to some of these universities. Mr. Grella said yes, absolutely; they had the opportunity to meet with GO-Biz yesterday and they spoke about Amazon taking more of a leadership position in terms of sharing best practices and working with community and technical colleges on curriculum development. What they are looking for in terms of in-demand and in-skilled occupations, with the new employees they are training, one of the goals of workforce development within Amazon, and they actually are very fortunate to have a national leader of workforce development that's just been on-boarded that spent 20 years at Boeing and is just fantastic. One of the initiatives is to really take a leadership role and encouraging whether it be STEM education or community and technical colleges, to start offering these courses because it's great from a remedial standpoint to say ok we're gonna ship you off and you're gonna get this supply chain logistic certification or whatever certification. But we would much rather have a population of workers that are coming out that said I've got this career readiness certificate that said I know what it takes to work in a fulfillment center and those benefits pay themselves back tenfold and so we do plan on having our HR and learning teams be more proactive and collaborative in CA and where our fulfillment centers are located to develop those long-term strategic partnerships. We do need to increase the number of people that have these types of tangible skills, because you've got people coming out with four-year degrees which are great. He said I think that the future is in the community and technical colleges with the right leadership in collaboration with private industry producing a higher number of people with two-year degrees not laden with debt, that can start working earlier and rise-up within an organization and contribute to the economy and the tax base and we'll benefit from that too.

Mr. Rodriguez said absent the Panel not having the four-page fulfillment overview description, does staff have that by the way? Ms. Hernandez said no, we don't have that. Mr. Rodriguez asked who does have it. Mr. Woll said its right here. Mr. Grella asked if it was submitted to ETP. Mr. Sanger said no, it's not part of the application. Ms. Hernandez said this is actually the PL justification; we don't have the detailed courses. Mr. Sanger said yes, it's more of an explanation and asked if the question is about providing more detail on the courses. Mr. Rodriguez said no, earlier you testified that you submitted a four-page overview. Mr. Sanger

said yes, that was not a list of all of the courses, but a more in-depth explanation of the PL training. Mr. Rodriguez said but that's not what you submitted, right? Mr. Sanger said that's not part of the application questions, it was just a more in-depth explanation of PL than was required, but staff wanted to make sure that before it went to Panel, that this PL was going to be eligible training. Mr. Rodriguez said if it's available to provide to staff, it would be great to have and it's not proprietary, correct? Mr. Sanger said yes, they can provide that to staff. Mr. Grella no, it is not proprietary.

Mr. Rodriguez said obviously you are an amazing corporation; you're a technology company who happens to be in the warehouse business. He said when it was announced that Amazon was coming to Tracy and Patterson; I believe there were over 2,000 people that submitted applications to work, is that correct? Mr. Grella said yes, that's correct. Mr. Rodriguez asked if they assessed the pool of applicants in terms of technical skills and knowledge, and what the findings were. Mr. Downes said he does not have the full detail because there is an entire recruitment group behind it called the Staffing Engine. He said there is much selection behind it and they use a lot of data analysis to filter that funnel. We have that data available and can get that; we're still recruiting obviously. Mr. Rodriguez said we want to ensure there is a strong partnership with ETP and with the executive branch of the state government and the local government, so that you are all successful and the families and the communities that surround it are also successful. So anything that you can do for that regard as this was a pretty slim application whether it was expedited or not. You have multiple Amazon employees here today and you should have provided us with a little more information. Mr. Sanger said that's fair.

Mr. Broad said let me bring this to a conclusion. We are not going to hold up the proposal, but I think it would make us more comfortable if you could provide the staff with more detail of how the PL portion of this will work. In other words, how much of it is active mentoring and teaching by somebody versus simply observing somebody after you've taught them. Our anxiety I think would be something like this: there's 10 minutes of teaching and 120 minutes of watching somebody do it after you teach them because it only takes 10 minutes to teach them. We don't know how complicated this work really is; we don't really know that and we don't know whether it's unskilled, semi-skilled or quite skilled or what the variance is among these people. There are many people being trained, and in the past we have had very bad experiences with this type of training in using our money inappropriately. We're not suggesting that you would do that, but we need to protect the integrity of the program. So what I would ask, is that you provide the staff with more evidence as to what's going on, and I'd like some monitoring of the staff, if it looks like there are too many hours being funded for the level of training that's needed. In other words, do we need to pay them to watch people do what they've taught them to do, for a really long period of time? There has to be some sweet spot there and we just don't have that in this proposal, there isn't enough detail here for this. Nonetheless, earlier this year he spent extensive time in the Governor's office with this gentleman and some other people, understanding their system and talking to them about how they organize things and he was quite satisfied with what he heard and so he is prepared to vote for this, but it is a little skimpy. Mr. Grella said they commit to beefing it up significantly and making this a very hearty application. He said they obviously have some learning to do and are going to be vocally self-critical here which is one of their leadership principles. If the Panel approves the proposal, we are going put together a best-of-breed implementation program with a level of detail and transparency that will satisfy everybody on the Panel. He said this meeting is being recorded so he's on the record and can't hide from it. We commit to giving you what you need, if not a lot

more than what you need, and we want to satisfy everybody because we want to be good stewards of the taxpayers' money. Mr. Broad said alright, very good. Mr. Rodriguez said we appreciate that.

**ACTION:** Ms. Fernandez moved and Ms. Roberts seconded approval of the Critical Proposal for Golden State in the amount of \$2,000,000.

Motion carried, 6 – 0.

### **Meriliz Incorporated dba DOME Printing**

Ms. Hernandez presented a Proposal for Meriliz Incorporated dba DOME Printing (DOME Printing), in the amount of \$123,000. DOME Printing offers products and services to small and large companies in a variety of industries. Products include magazines, postcards, catalogs, bill inserts, pamphlets, and posters. The Company's services include digital printing, integrated business solutions, including customized client products.

Ms. Hernandez introduced Marcus McCarthy, HR Manager and Eric Carle, Vice President of Finance.

Mr. Broad asked if the wage range in Job No. 2 for administrative staff at \$14.50 to \$33.00 per hour, why they would get a reduction to \$11.00 per hour to cover that job. Ms. Hernandez said it's just for some of the trainees; it could be for the production staff trainees. Mr. Broad said that's in Job No. 1? Ms. Hernandez said yes, it's in Job No. 1. They are asking for 45 trainees in Job No. 1 and it's not for all of the trainees. Mr. Broad said but you stated Job No. 1 and Job No. 2. Ms. Hernandez said it's for 45 trainees in Job. No. 1. Mr. Broad said yes, 45 out of the total 125 trainees. Ms. Hernandez said correct, and then 9 trainees in Job No. 2, so it's not for all of the trainees.

Ms. Roberts said they have a high turnover rate and asked if their low wages contribute towards that high rate. Mr. McCarthy said they had a layoff last year and have been able to hire the majority of them back and their average tenure is currently nine years. Ms. Roberts asked who is going to administer this proposal. Mr. McCarthy said he and an assistant will administer the program. Ms. Roberts asked if he was familiar with ETP. Mr. McCarthy said he has not had a previous ETP proposal, but has worked with ETP staff closely in preparing the proposal. Ms. Roberts suggested keeping ETP staff close because it can get away from you very quickly.

**ACTION:** Mr. Rodriguez moved and Ms. Fernandez seconded approval of the Proposal for DOME Printing in the amount of \$123,000.

Motion carried, 6 – 0.

### **Niacc-Avitech Technologies Inc.**

Ms. Hernandez presented a Proposal for Niacc-Avitech Technologies Inc. (Niacc-Avitech), in the amount of \$436,800. Niacc-Avitech provides maintenance, repair and operations services for a wide range of electrical, electronic, fuel, hydraulic and pneumatic aircraft components for the airline, aerospace, and defense industries.

Ms. Hernandez introduced Ben Merlo, Controller.

Ms. Roberts said it sounds so high-tech but yet they are paying minimum wage, which is surprising, especially in aerospace. Mr. Merlo said one part of their business is called "winding manufacturing". Basically, everything is hand-wound and it goes into rotors for all different kinds of components, mainly aerospace and aviation type of aircrafts. So it is an entry-level position for a small part of their business and it represents about 10% of their business, which is why they included that \$9.00 wage. Ms. Roberts said but the majority of the people that are going to be trained, the 67 out of 100, are all earning minimum wage. Mr. Merlo said yes, the average shop wage is around \$15.00 per hour and that is weighted by the winding manufacturing division as well.

Mr. Broad asked why there is a post-retention wage and why there is no wage improvement in Job. No. 2. He noted that the post-retention wages are not any higher. Ms. Roberts said all of the wages are very low for the kind of business it is, and we are funding \$26.00 per hour on high-tech training. Mr. Broad asked if they are all new hires. Mr. Merlo said yes, a lot of their growth will be based in the hydraulics and field components which are higher wage employees, and entry-level wages in that area are about \$17-\$18 per hour. Ms. Hernandez said the wage in Job No. 2 is the wage for the new-hire trainees and for ETP, the minimum standard rate could go as low as \$9.02 but they come in with a \$9.14 wage for those individuals as their entry wage for those occupations. Mr. Broad said but it's also \$3,360 for the average cost per trainee for a \$9.14 per hour job. Ms. Hernandez said right, but her understanding is that the average wage is \$15 per hour and only about 10% are going to be part of that low wage. Mr. Broad asked if she meant 10% of the people we are training or 10% of the workforce. Ms. Hernandez said I believe it's 10% of the people we are training. Mr. Broad said so 10% of the people we are training will earn \$9.14 per hour? Mr. Merlo said yes, that is correct. Mr. Broad asked how long they will earn \$9.14 per hour. Mr. Merlo said it could be six months to a year for any new-hires they are bringing in on that side, but most of their growth will be in the hydraulic and field components and so that is basically going to be on the 40 that we've included but was going to be based on the \$17-\$18 range. Mr. Broad said it would make him happier to see Job No. 2 trainees at least earn \$10.00 per hour at the end of their retention period, and asked if they could commit to that. Mr. Merlo said yes, they can.

Ms. Roberts said this proposal is for \$500,000 and it's their first time to the Panel. She said you are a controller and controllers are not good at administering training grants, I can tell you that based on experience. Mr. Merlo said he considers himself a hands-on controller and he likes to work with his quality and operations people. He said they have already developed monthly operating plans for it. They have a full commitment from their entire staff to provide the best training possible. He said they serve a highly-regulated industry and so there is much testing, inspections and processes. They are going to have a full commitment from everyone and he is going to facilitate it and will be hands-on every step of the way. Ms. Roberts said 168 training hours is a lot of hours. Mr. Merlo said yes, in the last couple of months they started tracking the training more intensely, especially out in the shops and they have averaged about 7 hours of training per month, which comes out to 168 hours over the two-year period, so it is very doable. They have much inspection and testing training that is required that they are putting into play as well; and they have over 1,200 part numbers that they service in 2013 and the part numbers require manuals and extensive training, so we are a complex business. Ms. Roberts said you're

complex, but only paying \$9.14 per hour does not equate to me. Mr. Merlo said yes, full disclosure on this because one part of their business is basically highly labor intensive for winding starters and rotors. Ms. Roberts said it just seems like a lot of money for 168 hours of training. Mr. Merlo said they are committed to sending 5 technicians to Non-Destructive Training (NDT) testing for their components and there are certain levels required within the FAA to make sure that this testing is completed, so these 5 employees will have 32 hours in training each next month. Ms. Roberts said her brother owns an electronic company such as this, and he said there's no way he could train his people as they need to be working. Mr. Merlo said if they fail in their training and testing, then we are in big trouble with the FAA. It is that type of high-intense training that they definitely need; more so, than most industries across-the-board. Ms. Roberts asked if they have an LMS system to track the training and what systems are in place. Mr. Merlo said they have an electronic system and they log training onto a job per the electronic training system.

**ACTION:** Ms. Fernandez moved and Ms. Bell seconded approval of the Proposal for Niacc-Avitech in the amount of \$436,800, with the agreement that trainees in Job No. 2 will earn \$10.00 per hour after retention.

Motion carried, 6 – 0.

### **Saladino's, Inc.**

Ms. Hernandez presented a Proposal for Saladino's Inc. (Saladino's), in the amount of \$113,400. Saladino's is a specialized foodservice supply company that distributes diverse products to pizzerias, restaurants and delis throughout the Western United States.

Ms. Hernandez introduced Patrick Peters, Chief Operating Officer.

Mr. Broad said so you don't manufacture any products? Mr. Peters said no, they don't. Mr. Broad asked if they warehouse the products. Mr. Peters said they originally started as a sausage company and they have grown into a food distribution company. One of their main customers is Subway Sandwich Restaurants and they handle over 2,000 locations. Mr. Broad asked if they warehouse products. Mr. Peters said yes, they are similar to Sysco and are the largest privately-held food distributor in CA. They have distribution centers and resident driver terminals throughout CA so they buy from manufacturers and growers, and they warehouse the products; dry, refrigerated, frozen, and ship it out on our vehicles. Mr. Rodriguez said it's a good company.

**ACTION:** Mr. Rodriguez moved and Ms. Bell seconded approval of the Proposal for Saladino's in the amount of \$113,400.

Motion carried, 6 – 0.

### **Vibra Healthcare, LLC**

Ms. Hernandez presented a Proposal for Vibra Healthcare, LLC (Vibra), in the amount of \$583,938. Vibra is a for-profit limited liability company which owns and operates long-term acute care hospitals and inpatient rehabilitation hospitals throughout the United States. Vibra

provides care and rehabilitation services for a broad range of conditions including amputation, arthritis, brain injury, orthopedics, hip fractures, joint replacements, major multiple trauma, osteoporosis, neurological disorders, multiple sclerosis, Parkinson's disease, stroke, and spinal cord injury. Patients are served as inpatient, outpatient, day program, adult, geriatric, and/or pediatric.

Ms. Hernandez pointed out a correction on the ETP 130 on Page 2 of 6. She said the Training Plan Table in Job No. 3 states the post-retention wage is \$12.02 per hour. That is an error and the correct amount is \$16.00 per hour.

Ms. Hernandez introduced Jennifer Morrow, Regional Director of Human Resources and William Parker, President/CEO representing National Training Systems Inc.

Ms. Roberts asked for the difference on this contract versus the previous four ETP contracts. She said they have new-hires, but are we retraining some of the incumbent workers? Ms. Morrow said medicine is continuing to evolve and change and the patient population that Vibra cares for are patients that 10-20 years ago might not have even survived. So what they train their retained employees on are additional medical practices, new training for different procedures and protocols as medical knowledge continues to improve. They also have a variety of new staff coming on to support program enhancement, based on expanding Vibra's areas of care. Ms. Roberts asked if this is going to be a continuum then, as they are always going to be training in new technologies. Ms. Morrow said yes, there is always new technology based on what medical advances are made, and they also have expansion of their services and that is part of the training too. Ms. Roberts asked if the Redding facility then, did not meet the SC of \$250,000. Ms. Hernandez said that is correct, it did not. Ms. Morrow said she anticipates that they probably will with the completion of the project that they are just concluding. She said it appears they are going to be somewhere in the neighborhood of 97% of utilization of resources. Currently it is targeted at 88%, but final invoicing has not been completed.

ACTION: Ms. Roberts moved and Ms. Bell seconded approval of the Proposal for Vibra in the amount of \$583,938

Motion carried, 6 – 0.

## **Multiple Employer Proposals**

### **California Manufacturers and Technology Association**

Mr. Chan presented a Proposal for California Manufacturers and Technology Association (CMTA), in the amount of \$1,245,680. CMTA is a trade association representing a large number of California's manufacturing, processing, service, and technology-based companies.

Mr. Chan introduced Jack Stewart, President and Rob Sanger, Manager of Training Services.

Mr. Broad said CMTA has always been a wonderful partner to ETP and I think this is a great proposal.



**ACTION:** Mr. Broad moved and Ms. Roberts seconded approval of the Proposal for CMTA in the amount of \$1,245,680.

Motion carried, 6 – 0.

### **The Human Services Consortium of ESGV dba LA Works**

Mr. Chan presented a Proposal for The Human Services Consortium of ESGV dba LA Works (LA Works), in the amount of \$457,949. LA Works serves an array of businesses such as healthcare, service, retail, and manufacturing throughout Los Angeles, San Bernardino, Riverside, and Orange Counties. It works directly with cities and partners to increase the economic viability of the region. LA Works serves both individuals seeking work, career planning, and job advancement and employers with business plan development, financial resource planning, staffing, and training resources.

Mr. Chan introduced Salvador Velasquez, Chief Executive Officer and Jorge Hernandez, Career Technical Education Program Manager.

Ms. Roberts asked why they had never previously come to the Panel. Mr. Velasquez said he has known about ETP since its implementation and the tax. It is just one of those things that we never did, and now we have our employers who have asked if they can work with us on an ETP project; there is no reason except we are applying now.

**ACTION:** Ms. Roberts moved and Ms. Bell seconded approval of the Proposal for LA Works in the amount of \$457,949.

Motion carried, 6 – 0.

### **The Technical School Inc. dba Technical College**

Mr. Chan presented a Proposal for The Technical School Inc. dba Technical College (Technical College), in the amount of \$65,058. Technical College is a for-profit, vocational training institution with four locations serving the Los Angeles area, offering programs in several fields of study including nurse assistant. Technical College provides training and placement services to California Workforce Investment Boards, WorkSource and One-Stop Centers, private businesses and community organizations. The students are primarily residents of the surrounding communities from diverse backgrounds including dislocated workers, refugees, immigrants, and individuals receiving CalWorks or General Relief.

Mr. Chan introduced Pablo Artaza, Executive Director.

Mr. Broad said he had somewhat of a concern with this Proposal because even though it is a small amount of money, they are getting many different waivers and the cost of training is quite high. In their previous Proposal, our materials state you could not place people because the labor market dropped so precipitously that the people could not meet the ETP wage. Therefore, I am worried about whether it will be a repeat of the last situation, or that it is too much money to spend on a very low wage contract; so I am a little concerned, what is your response to that? Mr. Artaza said the prior contract was divided into two different job numbers. Job No. 1 was an

at-risk youth program that mimics the current proposal and it was 100% successful. Job No. 2 was a HUA proposal which required a different set of geographic restrictions within Los Angeles County. The employers that they had lined up at that time within Los Angeles County were the ones that were unable to reach that minimum wage. He said they do not anticipate that being a problem this time because in this current job in the current proposal, they lifted the geographic restriction allowing them to place individuals in areas that have a higher wage, such as Pasadena and Santa Monica. They can get these youth out to those areas that pay a significantly higher wage than in the low-income HUAs of the previous contract. The high cost of the training is due to the number of hours that are regulatory required for this training. This is a regulated program and it is licensed by the California Department of Public Health. Mr. Broad asked if the individuals receive a certificate or license at the end of the training. Mr. Artaza said they will receive two certifications. One from the State of CA Department of Public Health as a Certified Nurse Assistant and one from the Quality Healthcare Foundation, which is California's long-term care health association, for a restorative nursing license.

Ms. Roberts said the Proposal is for a small dollar amount with a high average cost per trainee, but if they will receive a certificate that can be translatable to any job, whether it is the one that you can fund for them or whether they can go elsewhere with the certificate, and I'm pleased about that. Mr. Broad said and there is high demand for people in healthcare and the population is aging, so there is no reason why these people should not have jobs and there is no reason why the labor market cost should fall. Ms. Roberts said yes, and the at-risk component of this Proposal is a plus because we are trying to get people into a certified job and that is admirable.

**ACTION:** Ms. Roberts moved and Ms. Bell seconded approval of the Proposal for Technical College in the amount of \$65,058.

Motion carried, 6 – 0.

### **Orange County Hispanic Chamber of Commerce**

Ms. Torres presented a Proposal for Orange County Hispanic Chamber of Commerce (OCHCC or Chamber), in the amount of \$99,906. OCHCC or Chamber is a non-profit member organization governed by a Board of Directors. Membership is comprised of small and mid-sized businesses, public and private entities, corporate representatives, community leaders, and other professionals. The Chamber represents the interests of and provides access to Orange County's 30,000 businesses.

Ms. Torres introduced Reuben Franco, CEO.

Ms. Roberts said this Proposal looks good and they did a great job last time. She asked if LanzTek is going to be their primary trainer. Mr. Franco said yes, it is.

**ACTION:** Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for OCHCC or Chamber in the amount of \$99,906.

Motion carried, 6 – 0.

## Regional Technical Training Center

Mr. Chan presented a Proposal for Regional Technical Training Center (RTTC), in the amount of \$490,074. RTTC is a private, post-secondary and vocational school that develops and provides customized technical training programs for California employers. RTTC works with related industries, education agencies, the government, and the community to provide skills training and job placement.

Mr. Chan introduced Bernard Ashcraft, CEO.

Mr. Broad asked about the extra hours and if he could explain why the two occupations, environmental technician and allied health technician, require that many training hours. Mr. Ashcraft said they work closely with the Bay Area Business Roundtable and Industry and they have to meet industry standards. In order to meet industry standards, they have standards in order to be competitive. All of their curriculums are designed in collaboration with industry and this is what they are calling for and new technology has increased the skill sets that are required. Mr. Broad asked if there is some standard licensing. He said their last Proposal included a number of hours required to get a license, but these are not licensed occupations, are they? Mr. Ashcraft said he believes it depends on the different job classifications and job categories.

Ms. Roberts said that is unclear then; so with the average cost per trainee being almost \$7,000 per employee, that's a lot of money without getting a certificate in-hand. You are training them in solar, are they going to have a solar installation certificate to say they can work across the state? I don't know why we are giving you so many hours. Mr. Ashcraft said yes; solar installation requires a tremendous amount of lab work for training and yes, it does qualify you for several different types of categories within that industry. He said their agency is proposing that they go up to a maximum of 400 hours and then they will cover the additional cost.

Mr. Broad asked staff about the justification for going from our 260 hour cap to 400 hours for these jobs. Mr. Chan said the justification they provided to staff, was that the industry required more hours to continue to be able to be successful and they say their employers are requiring that from them. Mr. Rodriguez asked if that was done verbally. Mr. Chan said yes, it was. Ms. Fernandez asked if there is no NABCEP certification, which is considered a standard in terms of solar installation, and no certification for that; she said it seems like a great deal of hours. Mr. Ashcraft said yes, everyone gets a state approved certification. Mr. Broad said he was perplexed by this Proposal. In the first Proposal, did we approve these exact same hours and curriculum? Mr. Chan said the curriculum was the same and the weighted average in the previous proposal was 197, and in this proposal it is 200 hours, but we capped them at the 260 hours. Mr. Broad said so for the same Proposal, we are going from 260 to 400 hours and 260 hours worked before? Mr. Chan said 260 was the maximum amount of hours before. Mr. Broad said he was prepared to approve this Proposal at 260 hours maximum. Ms. Roberts said it does say weighted at 260 hours, but they want the 400 hours? Mr. Broad said yes; but they are requesting a 400 hour maximum for what they did at 260 hours previously, so I would propose approving this Proposal but denying that extension of the cap from 260 to 400 hours; the cap will remain at 260. Ms. Roberts agreed and asked if the 20% is for veterans' support costs and if that is standard. Mr. Chan said yes, that is correct.

**ACTION:** Mr. Broad moved and Ms. Roberts seconded approval of the Proposal for RTTC in the amount of \$490,074, with the modification that the maximum amount of training hours is 260 hours.

Motion carried, 6 – 0.

#### **VIII. PUBLIC COMMENTS**

There was no public comment.

#### **IX. PUBLIC MEETING ADJOURNS**

**ACTION:** Mr. Rodriguez moved and Ms. Roberts seconded meeting adjournment at 12:50 p.m.

Motion carried, 6 – 0.