



**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**

California Environmental Protection Agency

1001 "I" Street

Coastal Hearing Room, 2nd Floor

Sacramento, CA 95814

November 18, 2011

PANEL MEMBERS

Barry Broad
Chair

Sonia Fernandez
Member

Barton Florence
Member

Janine Montoya
Member

Edward Rendon
Member

Janice Roberts
Acting Vice-Chair

Sam Rodriguez
Member

Michael Webb
Member

Executive Staff

Brian McMahon
Executive Director

Maureen Reilly
General Counsel

STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING
California Environmental Protection Agency
1001 "I" Street
Coastal Hearing Room, 2nd Floor
Sacramento, CA 95814
November 18, 2011

I. PUBLIC PANEL MEETING CALL TO ORDER

Barry Broad, Chair, called the meeting to order at 9:40 a.m.

II. ROLL CALL

Present

Barry Broad
Sonia Fernandez
Bart Florence
Janine Montoya
Ed Rendon
Sam Rodriguez
Michael Webb

Absent

Janice Roberts

Executive Staff Present

Brian McMahon, Executive Director
Maureen Reilly, General Counsel

III. AGENDA

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

Motion carried, 7 – 0.

IV. MINUTES

ACTION: Mr. Rendon moved and Ms. Fernandez seconded the motion that the Panel approve the Minutes from the September 23, 2011 Panel meeting.

Motion carried, 7 – 0.

V. REPORT OF THE EXECUTIVE DIRECTOR

Brian McMahon, Executive Director, welcomed all project applicants and stakeholders. He said today's project review includes single employer and multiple employer agreements that are

100% funded with core dollars. He said that for the first time, we will be adding job groups to retrainee agreements that are focused exclusively on job creation. He said that a number of applicants who typically in the past projected some job creation associated with a project are now making a firm commitment to job creation.

After today's review of projects, Tara Armstrong, Manager of the Planning & Research Unit, will provide a presentation on ETP's large scale information technology project that we are working on jointly with EDD. He said it is a large undertaking, and we expect significant benefits when the project is completed. This will be the first of a series of quarterly updates to the Panel as to how that project is progressing. He said as we continue to operate under travel restrictions, ETP's regional office managers from North Hollywood, San Diego, and Foster City have joined the meeting by teleconference and they are available to ask any questions if needed. David Guzman, Chief of Operations and Rosa Hernandez, Sacramento Regional Office Manager, once again will present all of the projects.

Mr. McMahon said that he outlined the Fund Status Report (FSR) in detail at the last Panel meeting. The revenue amount of \$46 million was acquired at that point from EDD's estimate group. We have now received the first quarter collections that are tracking closely to the projection that we received from EDD. So at this point, we are not proposing any change to the FSR. He said the only change in this month's updated FSR will reflect the reductions for projects that were approved by the Panel at the September meeting and the Delegation Order projects. After today's meeting, the Panel will have awarded approximately \$19.7 million in contract awards, leaving about \$52.7 million in additional contracting authority between now and the end of the fiscal year. He said the 377 core projects have been submitted, and 355 of those pre-applications totaling approximately \$79 million are active and working through the development phase. There is approximately \$4.6 million in alternative funding available through a partnership with the California Energy Commission under the AB 118 program, the Alternative and Renewable Fuel New Vehicle Technology Project. Therefore, staff is actively marketing that program, and he encouraged those that are working with potential companies that would fit the parameters of that program, to please move forward into the development process. He expects that the Panel will see the first projects under the AB 118 initiative at the January 2012 meeting of the Panel.

Mr. McMahon said it is expected that meetings will be held through June 2012 in order to encumber alternative fund and core program dollars. One of the issues at the staff level, is that there has typically been anywhere from a 30% to 40% drop off from the dollar amount of estimated proposals that come in at the pre-application stage versus the dollar that actually is approved by the Panel. This year that pre-application figure is coming in at a capped amount, so we are unclear at this point as to whether we will be able to expect a similar reduction. He said he expects that figure would be down to a 20% fall off range, but staff is monitoring the demand and also approved project numbers as closely as possible. It may be that at a future meeting, we will have to come back to the Panel to consider the level of demand relative to projects versus our ability to fund those projects.

Mr. McMahon said that through the alternative funded program, ETP began funding Cal-OSHA 10/30 training, a new curriculum component. He said staff has conducted a significant amount of research around that type of curriculum and we will be moving forward to include Cal-OSHA 10/30 training.

Mr. Broad asked Mr. McMahon to describe Cal-OSHA 10/30 training. Mr. McMahon said it tends to be a training that is needed in order for companies to actively compete for contracts. Ms. Reilly said staff began receiving requests for OSHA 10/30 training by stakeholders who pointed out that in order to be competitive, in fact in order to be allowed in a public work's project, there is a statutory requirement for workers to have 10-hour or 30-hour certifications. For bundled training, many private vendors offer this type of training and depending on the general industry and sectors or trades within a sector, each 10-hour course and 30-hour course was designed to meet safety requirements such as are requested for public works projects. We are also recognizing that construction project liability carriers will require OSHA 10/30 certifications for the workers. So we recognize that this training has become more necessary to be competitive for California workers. The workers obtain the certifications, not the employer. The 10 hours is bundled training by industry sector or trade for the journey level. The 30 hours is for the frontline supervisor and for all those reasons we are recognizing that this is not general safety training and is specific safety training beyond what is required by Cal-OSHA. We recognize the practical necessity that this type of training is needed to be competitive, and we are acknowledging it as a valid curriculum item.

Mr. McMahon said staff is also proposing that for existing agreements that we would be interested in adding that type of curriculum to the project amount. We would allow those types of amendments as long as the amendment keeps the project within the overall cap. So we see it as being consistent with ETP's existing policy around safety-related training. We expect that we will begin seeing projects that have that course as a component of the overall curriculum.

VI. MOTION TO DELEGATE IN EVENT OF LOSS OF QUORUM

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

ACTION: Ms. Montoya moved and Mr. Florence seconded the motion to delegate in event of loss of quorum.

Motion carried, 7 – 0.

VII. MOTION TO ADOPT CONSENT CALENDAR PROJECTS/ACTION

Mr. McMahon asked for a motion to adopt Consent Calendar Items #1 through #5.

ADCO Manufacturing, Inc.	\$196,560
Amcor Packaging Distribution.....	\$153,900
Biolase Technology, Inc.	\$107,736
Give Something Back, Inc.	\$187,200
PGP International, Inc.	\$131,672

ACTION: Ms. Montoya moved and Mr. Rodriguez seconded approval of Consent Calendar Items #1 through #5.

Motion carried, 7 – 0.

VIII. DELEGATION ORDERS

Maureen Reilly, General Counsel, said the Small Business Delegation Orders total approximately \$360,500 and the Fast Track Delegation Orders total approximately \$800,000. She said that in the Table of Contents and also in the Agenda, we summarize the Delegation Orders as a convenience due to the increase of projects that fall under Delegation Order approval.

Ms. Reilly referred to the three Delegation Order Tabs in the Panel Packet and said the Delegation Orders are also posted on the ETP website. She said this is the process that the Panel recently revised to approve two separate types of Delegation Orders. One is geared toward small businesses capped at \$50,000, and one was created for the fast-track process which can be a business of any size; but the dollar amount of the proposal is capped at \$100,000. In October there was one Delegation Order for two proposals for less than \$100,000. This month there are four Delegation Orders, including two that were previously approved and two that will be approved today by Chairman Broad in consultation with Brian McMahon. The November Delegation Orders include two proposals for less than \$100,000 and two proposals for less than \$50,000.

IX. REVIEW AND ACTION ON PROPOSALS

Critical Proposal

Telefunken Semiconductors America LLC

Rosa Hernandez, Manager of the Sacramento Regional Office, presented a Critical Proposal for Telefunken Semiconductors America LLC (Telefunken), in the amount of \$744,600. Telefunken is a wholly-owned subsidiary of Telefunken Semiconductors International, LLC, headquartered in Germany. At the Roseville facility, employees utilize highly sophisticated and specialized equipment to manufacture high quality semiconductor components (computer chips). According to company representatives, Telefunken is a leader in advanced niche technologies and innovator of new technologies specializing in analog and mixed signal, power management and high-performance interfaces. These products can be found in a variety of industries including automotive, communications and consumer products.

Ms. Hernandez introduced Scott Olsen, Sr. Human Resources Representative.

Mr. Rodriguez asked if there are reasons for company development in Roseville. Mr. Olsen said there is a design team being built in Roseville. He said that currently the design team exists in Germany, but that functionality will be integrated into the Roseville factory. Mr. Rodriguez asked if the Roseville plant is clearly defined as a light manufacturing plant. Mr. Olsen said its designation over history has been a manufacturing facility. Mr. Rodriguez asked if their workforce is sourced from the region or worldwide. Mr. Olsen said Telefunken acquired the Roseville site from Renesas, and then formerly from NEC Electronics. He said the employees that were with NEC and Renesas are now largely comprised of the same employees that are with Telefunken. Mr. Olsen said the workforce has been a stable workforce. Mr. Broad asked if the Roseville plant is actually manufacturing a different product. Mr. Olsen answered yes and said the devices they have historically made at that site include logic devices, airbag controllers,

car audio navigation systems, and Playstation chips. He said the smart devices that they are now making are more related to analog power systems; basically ac to dc conversion chips. Mr. Rodriguez asked if PG&E and Intel are some of their customers. Mr. Olsen said their primary customers are in the automotive industry. Mr. Rodriguez asked if expected company growth in the next ten years is stable. Mr. Olsen answered in the affirmative. Ms. Montoya said that was a great presentation and thanked Telefunken for staying in California as a manufacturer.

ACTION: Ms. Montoya moved and Mr. Rodriguez seconded approval of the Critical Proposal for Telefunken in the amount of \$744,600.

Motion carried, 7 – 0.

Single Employer Proposals

Flextronics International USA, Inc.

Ms. Hernandez presented a Proposal for Flextronics International USA, Inc. (Flextronics), in the amount of \$468,920. Flextronics is part of the industrial division of Flextronics International LTD, a worldwide provider of electronics manufacturing services (EMS). In the past, Flextronics' site in Milpitas has been primarily involved in circuit board manufacturing for manufacturing customers in the network equipment, telecommunications, workstation, mainframe and personal computer, computer peripheral, test/control and semiconductor equipment industries.

Ms. Hernandez said staff recommends that a 30% substantial contribution be imposed since there were two previous ETP-funded projects at Flextronics' Milpitas facilities with earnings of \$1.685 million in the last five years.

Ms. Hernandez introduced Anil Kumar, Sr. Director of Engineering.

Mr. McMahon thanked Flextronics for making a commitment to job creation in Job No. 2. Mr. Broad agreed and said that every new job helps and congratulated the company on earning 100% of the funds.

ACTION: Ms. Fernandez moved and Mr. Rendon seconded approval of the Proposal for Flextronics in the amount of \$468,920.

Motion carried, 7 – 0.

Abbott Vascular, Inc.

Ms. Hernandez presented a Proposal for Abbott Vascular, Inc. (AV), in the amount of \$349,804. AV researches and manufactures coronary, vessel closure, and endovascular products, which are used in treating patients with coronary artery and peripheral vascular disease. AV products include stents and guide wires used in angioplasty and stent implementation.

AV is a repeat contractor with payment earned in excess of \$250,000 at the Temecula facility within the past five years under two prior ETP-funded projects. The most recent had a substantial contribution at the 15% level. As such, the Temecula facility is subject to a

substantial contribution of not less than 30% for this proposal. Although only the Temecula plant is subject to a substantial contribution, for ease of project administration, AV has agreed to a 30% across-the-board substantial contribution for all facilities, thus allowing all AV trainees to be enrolled in one Job number. As such, reimbursement for trainees in Job Number 1 will be reduced by 30% to reflect the company's \$150,164 substantial contribution to the cost of training.

Ms. Hernandez introduced Fred Rose, Group Leader.

Mr. Rodriguez asked where their workforce of engineers, technicians, and scientists are sourced. Mr. Rose said the scientists and engineers are typically sourced from some of the major universities. He said many of their manufacturing technicians move up through the ranks from their production operators. Mr. Rodriguez asked if ETP has a collaborative union with U.C. San Diego or San Diego State. Mr. Rose said Abbott has a campus recruiting program throughout the U.S. and they recruit from universities such as Cal Pomona, Stanford, and Berkeley, for example.

ACTION: Mr. Florence moved and Ms. Montoya seconded approval of the Proposal for AV in the amount of \$349,804.

Motion carried, 7 – 0.

Goglanian Bakeries, Inc.

Ms. Hernandez presented a Proposal for Goglanian Bakeries, Inc. (Goglanian), in the amount of \$329,300. Goglanian manufactures a wide range of frozen and pre-baked bakery products such as pizza crusts, wraps, flat breads, pita breads, bread sticks, focaccia, and dough. Goglanian supplies its products to retail stores, restaurants, and commercial food companies. The company assists its customers in the design and development of products for the end consumer.

Ms. Hernandez introduced Linda Orienza-Gerard, Sr. Director of Human Resources and Gordon M. Kirkpatrick, representing International Optimum Solutions.

Ms. Montoya said she is sold on their training and asked if they ship throughout the U.S. Ms. Orienza-Gerard answered in the affirmative.

Mr. Rodriguez asked if the Santa Ana job training centers are being helpful to their business and asked about the history of the company, being it is a family business. Ms. Orienza-Gerard said the family business was started in 1978 by a married couple and seven children that came from Armenia with \$100. She said they actually built the oven that baked the solar panels for the Mars Expedition, so NASA hired them to build a panel. She said they are engineers and bread makers and the whole company is family-oriented. She said that Goglanian understands the importance of keeping their workforce trained and motivated and that employees are excited to attend training because it shows that the company cares about their employees.

ACTION: Ms. Fernandez moved and Mr. Rodriguez seconded approval of the Proposal for Goglanian in the amount of \$329,300.

Motion carried, 7 – 0.

International Business Machines Corporation

David Guzman, Chief of Operations, presented a Proposal for International Business Machines Corporation (IBM), in the amount of \$499,500. IBM 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.

IBM is a repeat contractor with payment earned in excess of \$250,000 and a former substantial contribution at the 50% level, at the 555 Bailey Avenue, San Jose facility only within the past five years. In this proposal, the Bailey Avenue facility in San Jose will not be included in this training Agreement; therefore, there is no substantial contribution applied to this project.

Mr. Guzman introduced Stephen Dodd, Project Executive.

Mr. Broad asked if this proposal was designed with the intent to bypass ETP's substantial contribution requirement. Mr. Dodd said no, there are over 8,000 IBM members in CA and they have continued to go back using different facilities and education on applications. Mr. Broad said ETP has granted IBM millions of dollars, they are a very large corporation, and it seems like they could make a substantial contribution to their own worker's training. Mr. Broad said he would like to see IBM agree to a 15% substantial contribution or he would not vote in support of approving the proposal. Mr. Dodd agreed to a 15% substantial contribution by IBM.

Mr. Rodriguez said IBM had R&D plans in the past in CA and asked if they are still located in CA. Mr. Dodd said they have a research lab in CA located in San Jose. Mr. Rodriguez asked how many employees are at the San Jose lab. Mr. Dodd said there are over 1,000 employees at the San Jose research lab. Mr. Rodriguez asked why the out-of-state training component is necessary. Mr. Dodd provided the example of their operating systems and said their lab is located in Austin, Texas, and some of the training is only offered in Texas because there are facilities there. He said when IBM provides out-of-state training, the training takes place at IBM facilities and reason is that training is not offered anywhere else, which is the only reason for the out of-state training. Mr. Rodriguez asked if operationally, if IBM is bringing CA employees to the Texas facility. Mr. Dodd said Texas is one of the locations; if that is where the training is offered, because many times it is where is the training offered and what training is being offered, and depending on the employee's work schedule, what training can be attended. Mr. Rodriguez asked and so how much is the trainers in Texas, how do they benefit from CA. Mr. Dodd said it is IBM receiving the training and the CA IBM who benefits. The trainer in Texas is training IBMers throughout the U.S. and sometimes throughout the world to come into that training. Mr. Rodriguez asked if it is an in-kind by IBM and if it is really necessary to apply funds toward out-of-state training. Mr. Dodd said yes, it is because if that training is needed by that employee in order to keep his skills current and to work on a project, when the training provided is out-of-state, then he may not get that training.

Ms. Montoya asked if the employees are CA employees, even though they might go to Texas for training. Mr. Dodd answered yes and said they have not nor would they ever, submit for training reimbursement for an IBM employee that does not reside in CA.

Mr. Rodriguez asked if they have an emphasis in Cloud Computing training. Mr. Dodd said yes, that Cloud Computing is a leading technology in the IT field. Mr. Rodriguez asked if companies such as IBM, HP and AT&T are moving toward virtual training modes to reduce the cost of travel and if there is something special at the Texas plant explaining why training cannot be offered from a distance. Mr. Dodd said much of their instructor-led training is being offered as virtual instructor-led training. He said a key point is that it is still instructor-led training even though it may be in a virtual environment. He said the reason that out-of-state training is important, is because they have 8,000 IBM employees and they cannot train everyone that requires training. He said if they have to train an employee outside of the state during the period of this contract, then they are allowed to submit for reimbursement, but that is the only reason it is there.

ACTION: Mr. Rendon moved and Ms. Montoya seconded approval of the Proposal for IBM in the amount of \$499,500 with the agreement that IBM will make a 15% substantial contribution.

Motion carried, 7 – 0.

QLogic Corporation

Mr. Guzman presented a Proposal for QLogic Corporation (QLC), in the amount of \$232,056. QLC designs and manufactures a broad and diverse portfolio of network infrastructure products that are used to enhance, manage, and support the transmission of data from computer servers to storage systems and to other servers. The company supplies networking solutions for three types of networks: storage area networks, high-performance computing networks, and converged networks. Customers include Cisco, Dell, EMC, Hitachi Data Systems, Hewlett Packard, IBM, Network Appliance, and Sun Microsystems.

Mr. Guzman introduced Mary Burke, Manager of Human Resources.

Ms. Fernandez asked since they plan to train at three different facilities and to ensure the success of this agreement, how are you going to coordinate the three facilities and if they have a dedicated individual that is going to oversee the facilities. Ms. Burke said she has a training representative and because the training is advanced technology, they usually have the instructor fly to each of the locations. She said they have approximately 10-20 employees per class maximum since there is equipment that is required for training and they cannot exceed the participation to more than that number for one session. She said one technology training session in a fiber channel course would be a 40-hour instructor led training.

ACTION: Ms. Fernandez moved and Mr. Webb seconded approval of the Proposal for QLC in the amount of \$232,056.

Motion carried, 7 – 0.

Western Digital Corporation

Mr. Guzman presented a Proposal for Western Digital Corporation (WDC), in the amount of \$424,530. WDC designs and manufactures hard drives used to record, store and retrieve data for personal computers (PCs), entry-level servers, and home entertainment products. The company's customers include major PC manufacturers, retailers, and distributors.

Mr. Guzman introduced Jackie DeMaria, Senior Vice President.

Mr. Broad asked if the company is hiring new employees. Ms. DeMaria said yes, they are underway to hire approximately 200 employees to help support this initiative.

ACTION: Ms. Fernandez moved and Mr. Rendon seconded approval of the Proposal for WDC in the amount of \$424,530.

Motion carried, 6 – 0. (Michael Webb absent for vote)

BCI Coca-Cola Bottling Company of Los Angeles

Mr. Guzman presented a Proposal for BCI Coca-Cola Bottling Company of Los Angeles (Coca-Cola LA), in the amount of \$497,250. Coca-Cola LA is a bottler and worldwide distributor of nonalcoholic beverages. In addition to its traditional carbonated drinks, Coca-Cola LA's product line includes beverages such as fruit juices, waters, isotonic, teas, and coffees.

Mr. Guzman introduced Brent Bartlett, representing Spectra Consulting.

Mr. Broad asked why they only earned 74% in their prior agreement. Mr. Bartlett said Spectra Consulting was brought in to assist Coca Cola in the last three months of training for a six month total including the retention time. He said that he believes the team setting they had in place to administer the project was not well suited. He said they made great strides in the final couple of months to bring their payment earned amount up to 74% which was a great improvement. He said they are confident that this proposal can earn 100% and that staff has been informed of the process and documentation requirements.

Mr. Florence referred to the statement in the ETP 130 regarding Coca Cola not having an annual training budget, but the prior project included the Downey facility, and asked if they anticipate getting a training budget for that facility or if they plan to utilize ETP funds. Mr. Bartlett said it is his understanding they do not have a designated training budget, although there are training funds available and they are continually training. He said ETP funds help to offset their costs and to keep them moving forward in their quest for continuous improvement.

Ms. Montoya said with 8,000 employees in CA, located in one of the most expensive areas to do business, Los Angeles, what are the chances that Coca Cola may bring more facilities to CA. Mr. Bartlett said they hope to bring additional facilities to CA. He said they are hoping to have a successful proposal at the Downey site and then plan to move on to train at additional facilities. Ms. Montoya said she would like to see a new plant open in a low income and a high-unemployment area and that Coca Cola is an excellent corporation to bring into CA. Mr. Bartlett said that is the company's intent.

ACTION: Mr. Rendon moved and Ms. Montoya seconded approval of the Proposal for Coca-Cola LA in the amount of \$497,250.

Motion carried, 6 – 0. (Michael Webb absent for vote)

ConocoPhillips Company

Mr. Guzman presented a Proposal for ConocoPhillips Company (ConocoPhillips), in the amount of \$499,392. ConocoPhillips is the largest refiner in the United States and maintains four refinery facilities in California located within the counties of Los Angeles, Contra Costa, and San Luis Obispo. The company also maintains Pipeline/Transportation facilities in multiple counties throughout the state. ConocoPhillips also provides strategic, timely, and environmentally safe delivery of crude oil, refined products, natural gas, and natural gas liquids through its Pipeline/Transportation organization.

Mr. Guzman introduced Cesar Reyes, Manager of Human Resources – California Operations.

Mr. Rodriguez said that since ConocoPhillips is one of the top 100 companies worldwide, he asked if they could share the company's history in CA and where they see their existing workforce and operation of their refineries headed in the next five-to-ten years. Mr. Reyes said they receive a great deal of pressure from external sources and that by being able to further develop their workforce, it will increase their use of technology to help keep their facilities in CA and viable. He said increasing employee skill sets and productivity will give them the ability to remain competitive in the CA market. Mr. Rodriguez asked if they find they are not being competitive. Mr. Reyes said no, they do not find they are not being competitive, but he believes the pressure to have a trained workforce is increasing and the technologies they have to incorporate in order to continue, is a reason to continue to develop their workforce.

ACTION: Mr. Rendon moved and Mr. Florence seconded approval of the Proposal for ConocoPhillips in the amount of \$499,392.

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

Deluxe Digital Studios, Inc.

Mr. Guzman presented a Proposal for Deluxe Digital Studios, Inc. (DDS), in the amount of \$245,376. DDS is a leading provider of duplication services to the entertainment industry in film, video, and digital media. The company has over 95 years of experience in film processing, printing, distribution, digital intermediates, post production, subtitling services, titles design, digital special effects (VFX), DVD compression, encoding, authoring, digital cinema services, digital asset management, digital distribution, and marketing fulfillment services.

Mr. Guzman introduced Geri Hazelitt, Vice President of Worldwide Human Resources.

There were no questions from the Panel.

ACTION: Ms. Montoya moved and Mr. Rodriguez seconded approval of the Proposal for Deluxe Digital Studios, Inc. in the amount of \$245,376.

Motion carried, 7 – 0.

Phenomenex, Inc.

Mr. Guzman presented a Proposal for Phenomenex, Inc. (Phenomenex), in the amount of \$436,292. Phenomenex designs and manufactures products for the separation, analysis, and

purification of chemicals and biochemicals. While its technologies can be applied in many fields of separation science, the current focus is on sample preparation, high-performance liquid chromatography and gas chromatography. The current products include chromatography materials, sample cleanup and preparation devices, chromatography accessories and liquid handling devices, and technical and analytical method development. Customers are in the pharmaceutical, biotechnology, chemical, petrochemical and plastics, food and beverage, flavors and fragrances, environmental, natural products, clinical and forensic, and biochemical analysis industries.

Mr. Guzman introduced Bryan Lombardi, Manager of Learning & Development.

Mr. Broad recognized Phenomenex for having the highest percentage of job creation in their proposal and for making a substantial contribution to CA. He asked if the factories opening overseas for their customers are intended to serve the overseas market or the U.S. market. Mr. Lombardi said that to the best of his knowledge, he believes they are intended to serve both the overseas and U.S. markets. He said in India there is a large development in the pharmaceutical industry toward generic drugs and so they are manufacturing in India. He said India is their customer and they use their products, which is why they have to go into that market. Mr. Broad asked, so this is not necessarily another depressing report of jobs fleeing overseas, correct? Mr. Lombardi asked if he was referring to what is happening with their clientele. Mr. Broad said yes; in other words, are they closing factories in the U.S. that are producing drugs and moving overseas. Mr. Lombardi said yes, they have seen that occur.

Mr. Rodriguez asked if they have a company expert available. Mr. Lombardi said not an expert, no. He said Phenomenex was hit hard in the last few years because they had major plants for instance in Michigan and other parts of the U.S., which had closed down that are their clients' plants and have moved jobs overseas. He said they are reacting to those market changes by selling to not only those same customers that remain in the U.S., but overseas where they are going. Mr. Rodriguez asked if there has been an increase of a black market overseas in Latin America with selling drugs, despite federal regulation of pharmaceutical manufacturing. He asked if Phenomenex had any recommendations or suggestions it could share with the Panel regarding this issue. Mr. Lombardi said that as a manager of learning and development, he did not know if he was qualified to answer. He said they do not do business in the black market, but they know it exists especially in certain countries.

Mr. Florence asked if they are experiencing any pressure to develop in those locations or if they plan to stay in CA. Mr. Lombardi said what they plan to keep research and development, manufacturing, and the primary source of their sales and marketing in CA. He said they have subsidiary offices that are sales offices, so for example they just opened a sales office in India, but all of their manufacturing remains here in CA. He said if they were to move a plant from Torrance, it theoretically would be relocated to South Orange County but that would not occur for five-to-ten years. He said the company president is passionate about the City of Torrance and employing in the greater Los Angeles area. They have sales offices located throughout the world but manufacturing and research & development stays in CA.

Mr. Rodriguez asked Mr. Lombardi to share with their company president that if they would like to have a conversation with the Panel Chair in terms of keeping the industry in CA, he would surely be happy to oblige.

ACTION: Mr. Florence moved and Ms. Montoya seconded approval of the Proposal for Phenomenex in the amount of \$436,292.

Motion carried, 7 – 0.

Space Exploration Technologies Corp.

Mr. Guzman presented a Proposal for Space Exploration Technologies Corp. (SpaceX), in the amount of \$499,824. SpaceX develops and manufactures rocket launch vehicles and spacecraft for missions to Earth's orbit and beyond; its long-term goal is "to enable humanity to become a space-faring civilization."

Mr. Guzman introduced Warren Ernst, Technical Trainer and Felicia Zigman, Training & Development Manager.

Mr. Rodriguez asked if the facility is located in Lompoc at the Air Force Base (AFB). Mr. Ernst said no, it is located at the Vandenberg AFB launch facility and they are currently reconstructing it for their use of launching Falcon 9 1.1 and the Falcon heavy rockets. Mr. Ernst said most polar launches that occur in the U.S. come from Vandenberg AFB for safety reasons, so that the ocean goes underneath the spacecraft as it launches.

ACTION: Ms. Fernandez moved and Mr. Webb seconded approval of the Proposal for SpaceX in the amount of \$499,824.

Motion carried, 7 – 0.

Sturgeon & Son Grading & Paving, Inc.

Mr. Guzman presented a Proposal for Sturgeon & Son Grading & Paving, Inc. (Sturgeon), in the amount of \$420,852. Sturgeon is involved in oilfield and commercial construction including heavy-equipment earth moving projects, grading and paving, and hazardous waste removal (asbestos/lead). Its clientele includes corporations such as Chevron, Shell, and other major oil exploration companies; commercial developers; and municipalities (the bulk of its California customers).

Mr. Guzman introduced Kirsten Roberts, Human Resource Administrator and Mike Jester, representing Strategic Solutions.

There were no questions from the Panel.

ACTION: Ms. Montoya moved and Mr. Rodriguez seconded approval of the Proposal for Sturgeon in the amount of \$420,852.

Motion carried, 7 – 0.

Mr. Broad said he wanted to make one comment that he had neglected before, when discussing the Small Business and Fast Track projects. He said, as a message to the ETP contractor

community, that he was seeing a somewhat disturbing increase in the amount of development fees that are being charged at 10% to 15% of requested funding. He said this was not good for the ETP program. He concluded: "We are going to have to bring this under control unless you do it yourselves, OK? Please take my comments to heart. I'm being very direct with you now, insofar as these projects should not be seeing those kinds of development fees."

Bay Alarm Company

Ms. Hernandez presented a Proposal for Bay Alarm Company (BAC), in the amount of \$222,750. BAC is the largest independently owned and operated security company in the United States. The company offers a full range of security systems to approximately 100,000 residential and commercial customers across California, including burglar and fire alarm systems, access control and video surveillance.

Ms. Hernandez introduced Pamela Powers, Director of Training & Development.

Mr. Broad asked why BAC is not subject to the substantial contribution. Ms. Hernandez said because no single location has earned more than \$250,000 at one of its facilities.

Mr. Broad noted that BAC has done extremely well in their prior projects and earned all of the funds.

Ms. Montoya said she was aware that BAC serves residential customers, and she asked if they are currently developing high-tech methods such as virtual control from a distance, and if they are selling their developments outside of CA. Ms. Powers said no, they have not considered developing outside of CA especially since they have not yet covered the entire state of CA. Ms. Montoya said she assumed this would be a different division, not serving the residential customer but selling the product itself, to other alarm companies across the U.S. Ms. Powers said it is a possibility in the future.

ACTION: Ms. Fernandez moved and Mr. Rodriguez seconded approval of the Proposal for BAC in the amount of \$222,750.

Motion carried, 7 – 0.

Leprino Foods Company

Ms. Hernandez presented a Proposal for Leprino Foods Company (Leprino Foods), in the amount of \$349,112. Leprino Foods is one of the largest employers in the central valley and its facilities produce Italian cheeses and whey products for service companies, pizza franchises, frozen food manufacturers, and private label cheese manufacturers. Operations cover all stages of cheese production from receipt of raw material through mixing, processing, packaging, storage, and distribution.

Leprino Foods is a repeat contractor with payment earned in excess of \$250,000 and a 15% substantial contribution applied at the Lemoore and Tracy facilities within the past five years. Accordingly, reimbursement will be reduced by 30% to reflect the company's \$150,280 substantial contribution to the cost of training.

Ms. Hernandez introduced Susan Parry, Training Supervisor.

Mr. Broad congratulated the company on their performance in their prior contract.

Mr. Rodriguez asked if Leprino Foods is a major employer in Tracy. Ms. Parry agreed. Mr. Rodriguez said Tracy has most recently been economically depressed, and asked for the company's plans at the Tracy location in the upcoming year. Ms. Parry said they spent \$11 million this year revamping the Tracy facility and that they have a fairly stable workforce and many employees have been there 30-plus years. She said they anticipate an increase in technology in the next year since the company is going with SAP technology and there will be much training involved.

Mr. Rodriguez asked if the Tracy facility is located in an Enterprise Zone and if they take advantage of the tax credits in hiring new employees. Ms. Parry answered in the affirmative.

ACTION: Ms. Montoya moved and Mr. Rendon seconded approval of the Proposal for Leprino Foods in the amount of \$349,112.

Motion carried, 7 – 0.

Pacific Coast Companies, Inc.

Ms. Hernandez presented a Proposal for Pacific Coast Companies, Inc. (Pacific Coast), in the amount of \$398,376. Pacific Coast manufactures and markets a wide array of building products, including bricks, cement blocks, sheetrock, paving stones and related materials for both residential and commercial construction. In addition, the company provides business services and support to the Pacific Coast companies and their customers. Services include accounting and internal audit, environmental consulting, human resources, finance, information technology, marketing and advertising, risk management, legal services, tax, and treasury management.

Ms. Hernandez said a substantial contribution has not been applied because no single location has earned \$250,000 or more in prior agreements.

Ms. Hernandez said ETP received a letter of support from the United Union Roofers, Waterproofers, and Allied Workers from Local 95. She pointed out to the Panel that it is not included in the Panel Packet, as they received the letter in the last couple of days.

Ms. Hernandez introduced Ann Foley, Manager of Development & Implementation and Steve Duscha, representing Duscha Advisories.

Mr. Broad said she provided a good presentation and that the cost per trainee is quite reasonable and that was nice to see. He said that hopefully the economy will be more stable during this project and that the industry they are in has been perhaps hit the hardest of any industry.

Mr. Rodriguez asked for the percentage of their workforce that they have lost given the difficult industry they are in and if their vendors are both commercial businesses and consumers. Ms.

Foley said they sell directly to contractors and distributors and that their vendors are primarily residential business. She could not provide an exact figure of the percentage loss in their workforce but said when she began with the company six years ago, there were approximately 4,500 employees and they currently have 2,300 employees. She said the majority of those employees are the line workers. She said some plants were operating 24 hours a day and now they have people working as little as three days per week and some are involved in work sharing. She said they have tried to retain as many employees as they could in order to bring back the same employees once business increases. Mr. Rodriguez asked if they currently have a stable workforce in terms of maintaining a semi-to-high skilled pipeline. Ms. Foley said yes; because of how hard their industry has been and given that they are one of the few surviving companies, she said there are always people looking for work in their field. She said it is a very family-oriented, privately owned company and that many of their employees have been there a long time and it is easy for them to find new employees.

ACTION: Ms. Fernandez moved and Mr. Rodriguez seconded approval of the Proposal for Pacific Coast in the amount of \$398,376.

Motion carried, 7 – 0.

Truck Accessories Group, LLC

Ms. Hernandez presented a Proposal for Truck Accessories Group, LLC (TAG), in the amount of \$469,440. TAG manufactures truck caps, tonneaus, retractable truck bed covers, and aluminum and plastic automotive components. The company is experienced in virtually any design, fabrication and assembly capacity, with molded fiberglass, thermoformed plastics, robotic welding, water jet and gel coat capabilities. TAG customers include LEER, Century, Pace Edwards, Raider, State Wide Aluminum, Stor.Mate, and TAG Specialty Products.

Ms. Hernandez introduced John Carey, General Manager.

Mr. Broad asked if TAG is in the business of original or aftermarket parts. Mr. Kerry said they are basically in the business of aftermarket parts. He said the Woodland facility manufactures fiberglass caps and tonneaus for pickup trucks and there are other facilities that fabricate additional aftermarket products. Mr. Broad asked if they are in the business of primarily serving auto parts to retailers. Mr. Kerry answered primarily aftermarket truck parts, fabricating fiberglass parts for UPS, and special aftermarket components.

ACTION: Mr. Rendon moved and Mr. Webb seconded approval of the Proposal for TAG in the amount of \$469,440.

Motion carried, 7 – 0.

Multiple-Employer Contractor Proposals

Technology Association of America, Inc. dba TechAmerica

Mr. Guzman presented a Proposal for Technology Association of America, Inc. dba TechAmerica (TechAmerica), in the amount of \$749,913. TechAmerica is a nationwide, non-profit trade association that represents all segments of the technology industry including small, medium, and large member companies. TechAmerica provides its members with advocacy at

the state, federal, and international levels. It also provides access to capital and business opportunities; and offers select business services, educational, and networking programs to its member firms.

Mr. Guzman introduced Shannon Gumaer, Senior Director of Operations & Program Management and A.K. Thakore, President of Saisoft.

Ms. Montoya said she did not see any emphasis on new-hiring and said the cost of training per employee is very high. She asked if they could prioritize the companies that get Tech America's help by those that are willing to hire and add jobs to CA. Mr. Thakore said they are seeing an increase in the number of new-hires. He said although they do not have a set category of new-hires, they see employers bringing in new workers without being put into the program to upgrade their skills. He said some are being brought into positions and then they go through the training and see significant increases in their hourly wages. He said their average hourly wage in the previous contract was \$31.00 per hour.

Mr. Rodriguez asked if TechAmerica could provide a report in writing to the Panel Chair that includes the number of new-hires and increase of wages. Mr. Thakore agreed to provide the information requested.

Mr. Rodriguez said the statement that TechAmerica will have a focus on small business is very subjective. He asked about small business given that their Board is centered on major IT companies such as Microsoft and Hewlett Packard. Mr. Thakore said if you review the list of core group companies, you will notice that the majority of them are smaller and merging companies that need the training the most, in order to improve the skills of their workforce. He said they have some representation from larger companies too, however; they have focused their attention on the small and merging companies that offer the largest growth. Mr. Rodriguez asked for the percentage that will be spent on small businesses. Mr. Thakore said what you see as the core group is a good representation of the overall training population. Mr. Rodriguez asked, of the large companies that are represented on your Board, who is receiving ETP funds? Mr. Thakore said he would have to go back and review the exact list of employers. He said they had some trainees from Oracle Corporation and Hewlett Packard and over 100 companies were involved, but it is very diverse. Mr. Rodriguez asked if they could provide a report from the previous contract to the Panel Chair, of a breakdown of which companies benefit from ETP training funds. He said it was very important to have complete transparency of which companies are benefitting from the funds. Mr. Thakore said they could provide the total number of companies served, the number of small businesses, the number of employees per company and the names of the companies benefitting.

Mr. Broad said that Mr. Rodriguez raised a good point that he has never considered before, which is whether employers that are primary recipients of ETP funds could also be recipients through a MEC, and if that is something that staff tracks. Mr. McMahon said we identify when trainees are concurrently enrolled at the same point in time so that is a flag that comes up for staff. Mr. Broad said he was thinking more along the lines of substantial contribution requirements. Mr. Guzman said staff tracks that by the Employer Account Number in the State of CA, so for instance in the IBM proposal presented earlier, it tracked that IBM had a direct contract with ETP as well as IBM employees that went to participating MECs to receive training. Mr. Broad wanted to be sure that there was not a way someone could bypass the substantial

contribution by getting a proposal and then sending people through multiple MECs. Mr. Guzman said staff tracks that, so ETP is informed where they are at in the MEC contract. Mr. Broad said the thought it never occurred to him, but it is a very obvious point and he was glad that there is no issue.

Mr. Rodriguez said nevertheless, I would ask that you provide a report to the Panel Chair. Mr. Thakore agreed to provide the report. Mr. Rodriguez asked for the names of the companies on the Board of Directors for TechAmerica. Mr. Broad asked if the names of the companies of the Board of Directors are listed on their website. Ms. Gumaer answered in the affirmative. Mr. Broad said he would access the website and distribute the names of the companies listed to the Panel members.

ACTION: Ms. Montoya moved and Mr. Rodriguez seconded approval of the Proposal for TechAmerica in the amount of \$749,913.

Motion carried, 6 – 0. (Mr. Rendon absent for the vote)

Glendale Community College Professional Development Center

Mr. Guzman presented a Proposal for Glendale Community College Professional Development Center (GCC), in the amount of \$747,588. GCC provides customized, job-specific training for business and workers through its Professional Development Center. GCC is a member of several organizations including five local Chambers of Commerce, the Economic Alliance of the San Fernando Valley, the Valley Industrial Commerce Association, the local chapters of Professionals in Human Resources Associations, Society of Manufacturing Engineers and partners with the Verdugo Workforce Investment Board, the Association for Operations Management, the National Association of Purchasing Management, and the Institute for Supply Management.

Mr. Guzman introduced Kimberly Holland, Executive Director.

There were no questions from the Panel.

ACTION: Mr. Rodriguez moved and Mr. Webb seconded approval of the Proposal for GCC in the amount of \$747,588.

Motion carried, 6 – 0. (Mr. Rendon absent for vote)

Carpenters Training Committee for Northern California

Ms. Hernandez presented a Proposal for Carpenters Training Committee for Northern California (CTCNC), in the amount of \$723,780. CTCNC is the educational organization that provides pre-apprentice, apprentice, journey-level, and related training services for union carpenters and contractors across the 46 northern California Counties. CTCNC is governed by a joint labor and management trust board, as agreed to in collective bargaining.

Ms. Hernandez introduced Paula Reese, Program Manager and Steve Duscha, representing Duscha Advisories.

Ms. Montoya said she was shocked at the lack of retention of the trainees with only 50% earned in the first year and 25% earned in the second year, when they are receiving fairly good paying jobs and amazing skills. What is the reason for that? Ms. Reese said many times it is a lack of knowledge in the industry. She said something they included is that they conduct site visits. That is part of it, not understanding the industry. They give eight certifications throughout the nine weeks. She said they are hearing really positive responses from their contractors. Mr. Duscha added that the drop off rates are absent the pre-apprentice that is what happened before. Ms. Montoya asked if this pre-apprentice is a new approach. Ms. Reese said yes, it was requested by their employers several years ago and they piloted it, and now this is their way of bringing people into the program.

ACTION: Ms. Fernandez moved and Ms. Montoya seconded approval of the Proposal for CTCNC in the amount of \$723,780.

Motion carried, 7 – 0.

Computer Tutor Business and Technical Institute

Ms. Hernandez presented a Proposal for Computer Tutor Business and Technical Institute (Computer Tutor), in the amount of \$268,300. Computer Tutor is a vocational school and software training company, offering training in skills that lead to employment.

Ms. Hernandez introduced George Rawe, Director.

Mr. McMahon asked if he had a sense as to the percentage of employees being placed at the lowest possible wage under the structure. Mr. Rawe said he did not know what that number would be, but he knows that they place employees at a wage range from \$9.00 to \$15.00 per hour depending upon the particular employer. In the last couple of years, due to the high unemployment rate in the lower central valley, employers are reducing wages. He said that in turn, they are seeing that the unemployed are requiring more skills which are why they are willing to provide 160-200 extra training hours. Their institution will provide that at no cost to the trainee or to the government, to help the individuals obtain the additional skills to be successful in this tough job market. Mr. Broad said that the reduction in wages is distressing news, but thanked Computer Tutor for putting some skin in the game. Ms. Montoya said she could explain why that happens, because they are selling lower since the competition is also in the market. She said the whole economy is depressed and said that as an employer, she has had to lower employee wages to survive. She believes that every employer wants to pay more wages, but that this is the case across CA and she doesn't see any great changes yet but hopes that will turn around soon.

ACTION: Ms. Montoya moved and Mr. Rodriguez seconded approval of the Proposal for Computer Tutor in the amount of \$268,300.

Motion carried, 7 – 0.

Tulare Joint Union High School District aka Tulare Adult School

Ms. Hernandez presented a Proposal for Tulare Joint Union High School District aka Tulare Adult School (Tulare Adult School), in the amount of \$125,138. Tulare Adult School is an adult

school whose trainees are comprised of adult students who wish to acquire technical skills to enter a new career to enhance their current skills. The program's proposed participating employers are health facilities that provide for the diagnosis, care, prevention, and treatment of human illness, including convalescence and rehabilitation.

Ms. Hernandez introduced Bill Edminster, Director.

Mr. Broad asked staff if there is a sufficient demand to justify the high cost of training at \$9,000 per person. Mr. McMahon said these types of projects have been funded based on statutory authorization for a number of years and we now have a portfolio of these projects. One of the favorable aspects of this particular project is that most of these trainees are currently working as CNAs and the likelihood of placement transitioning, once the LVN licensing test is passed by the trainee, is high. He said a staff recommendation he would suggest to the Panel is that going forward after this project, is a review of our portfolio of projects, with an evaluation of the percentage of placements that have occurred in these projects and the reimbursement structure, and report back to the Panel, prior to approving any further CNA projects. Mr. Broad said it was important to ensure that the demand still exists for these employees and said it is time for the Panel to review whether the initiative is working.

Mr. Rodriguez asked if they train certified nurses to become Licensed Vocational nurses. Mr. Edminster said yes, we do train those also. In order to enter into their vocational nursing program, they must be a certified nurse currently working. Their program is a part-time program held three days a week, so they can continue to work to support their families. Mr. Rodriguez asked about other companies in their area who are providing the same type of training. Mr. Edminster said in there area there are two other adult schools, one in Porterville and one Visalia. Mr. Rodriguez asked for the annual tuition. Mr. Edminster said there is zero tuition; the \$2,800 fee the students pay covers all of their books, equipment, materials, and any of their needs during the 18-month period. Mr. McMahon added that ETP steps in and funds the second 750 hours of the overall 1,530 hour curriculum.

ACTION: Ms. Fernandez moved and Mr. Rendon seconded approval of the Proposal for Tulare Adult School in the amount of \$125,138.

Motion carried, 7 – 0.

X. OVERVIEW OF NEW DATA MANAGEMENT SYSTEM: WORKFORCE SERVICES NETWORK SOLUTION

Tara Armstrong, Planning & Research Manager, provided an overview of ETP's New Management Information System, Workforce Services Network (WSN). Ms. Armstrong is also the project manager on the new system and Mario Maslac is her counterpart.

Ms. Armstrong said the objective of the presentation is to provide the Panel with the scope, purpose, and the vendor that has been selected. We have a vendor that has already been selected, Geographic Systems, and the name of our new system is the Workforce Services Network. So the overview we have for you today is the need for the WSN System, our Request for Proposal (RFP) Process, Geographic Solutions Background, Scope of System, Timeline for Phase I and II, how it benefits ETP and business requirements documentation.

Ms. Armstrong said the need for the WSN System is due to a current antiquated system. She said we also have numerous systems that we have had to add in place that do not communicate with each other. The WSN System is an off-the-shelf system that will have customization and it is a web-based system.

The RFP process, which is the Request for Proposal process, is an overview of how this came about. EDD had a need for a new system. Independently, ETP had a need for a new system as well because of the antiquated system, so we found a common business need. EDD then developed a Request for Quote (RFQ) to include ETP, bids were submitted, and a contract was awarded to Geographic Solutions. GeoSol was established in 1992; they are the leading provider of software solutions for workforce development, employment and training. They have developed a state-of-the-art system for employment and workforce development agencies in more than 30 states. WSN is available to over 75% of the job seekers and employers in the country and more than 85% of their in-house staff is technical staff. She said they have had the opportunity to work with them in Phase I with EDD and have found them to be a very on-task, structured company.

The scope of the project has been broken down into two phases. Phase I is EDD's phase, but ETP has been involved in that because our fiscal unit works with their contract ledger system. We have been involved to ensure that when we move into Phase I, we can still process, work, and function.

Phase II is strictly ETP; we are developing a web-hosted system to replace our MIS system, which is another database that we currently have. There is an anticipated start date of January 20, 2012. She said ETP will work with GeoSol to review our business requirements and develop a new system that meets all of our requirements.

She said the timeline for Phase I with EDD started in January 2011 and it is expected to go live in June 2012. ETP is working with EDD and is involved in JADs. For Phase II, ETP has worked on business requirements documentation with a start date of January 20, 2012. An onsite kick-off will be held on January 30, 2012; a Joint Application Design (JAD) meeting will be held on February 27, 2012; specifications are slated for March 16, 2012; the application development date is April 16, 2012; testing (UAT) is slated for July 9, 2012; staff training will begin November 19, 2012; and the expected "go live" date is November 30, 2012.

Ms. Armstrong said the benefits to ETP are to streamline processes; have one system; retirement of the current, unstable and outdated systems; greater functionality; hosted system benefits; savings of staff resources; elimination of manual data collection and accurate data for reporting and planning purposes.

Regarding business requirements: staff has been working with EDD since January 2011 with an EDD System Business Analyst four hours per week to finalize all business requirements to produce a document for the vendor within an in-depth description of ETP activities, through all aspects of ETP operations and to keep the project on time and on budget.

Mr. Broad asked what this effort will cost. Mr. McMahon said there is a one-time implementation fee of approximately \$389,000 that ETP will pay in the 2012-13 budget year. As a web posted

application, ETP along with EDD, has an obligation for a monthly maintenance fee that covers 24-hour programming support and back-up, which is \$30,000 per month. It is a small share of the overall amount that ETP is paying for the maintenance aspect of the project. Mr. Broad asked what we currently pay and if it is web-based. Mr. McMahon said it is a proprietary system in which our resources involve a lot of redundant, duplicative work, and the fragility of the system is always a risk for ETP because of the age of the system and the patching that has been done over the years. Mr. Broad asked if there is a way to quantify the efficiencies that the new system will bring when budget discussions begin.

Mr. Rodriguez asked if there is a staff savings associated with the project. Ms. Armstrong said there are staff savings, and there are other projects that staff would like to work on that they have been unable to get to. She said staff will be able to strategically plan more, that data reporting is done manually at this point, and with the new system it will be instant. Mr. Broad said when ETP begins planning the budget this year, it will be important to be armed to respond to why it was necessary for a new system, especially since ETP has made great strides with the Legislature. Mr. McMahon said some of those variables are unknown at this point but the clearest impact is a much greater focus on mission critical activity. We had to go through a recent process which was part of an upgrade to the initial fees for this project where we identify shifts in resource allocation from the current system to the new system, so if we start to try and frame that up, I think more work can be done to try and identify specific areas of savings, but I believe the greatest benefit to this new system will be that it protects ETP from the high risk consequences of having a system failure as well as making staff as productive as absolutely possible.

Ms. Armstrong added that in her own unit, they do much manual data entry and trying to manipulate spreadsheets, and they should be concentrating more on strategic planning and conducting more case studies to determine more areas they could target, but we have a system that does not work with us. Mr. Rodriguez asked if the FSR submitted to the Department of Finance included a section outlining potential efficiencies. Mr. McMahon said the FSR actually moved ahead prior to ETP's involvement. He said we had identified a need for a database and were working with Agency, and EDD was moving forward with this replacement to Cal Jobs and JTA. ETP was brought into the project without a complete feasibility study for the ETP component. Staff has attempted to structure some of that with this modification to the feasibility study, but that step was not fully completed.

Ms. Armstrong said the last item to discuss is ETP's business requirements, what we have been doing, and what we actually have gotten out of this. In those four hours a week we identified our processes and flows, what can change, and what has been added to the system that we no longer have to keep. We looked at our business requirements and our business rules in capturing all of our data elements.

Ms. Montoya was concerned about ensuring that we are not eliminating jobs because of this, within ETP's own departments. She said she realizes some jobs will be lost due to attrition, and we are doing that for our budget, but she would hate to see someone lose their job because we are more efficient on the computers. Mr. McMahon said there are no plans that we will eliminate jobs as a consequence of the project. He added that as an additional point to the feasibility study question, in being able to join ETP in the EDD study that had been done, it saved ETP a very large amount of funds that would have needed to have been allocated to a feasibility study.

Therefore, that cost was something that EDD bore on its own and ETP did not make a contribution toward the cost or the extent of time involved, in developing a full-blown feasibility report. Mr. Rodriguez asked if the original EDD FSR category on efficiency savings can be shared with the Panel Chair, whether it provided a framework of why they had to move to this system, and was pleased to hear that ETP was involved in the EDD effort.

XI. PUBLIC COMMENTS

Steve Duscha, representing Duscha Advisories, said that contractors spend a great deal of time on the ETP system interacting with ETP computer system. He said they enter data on each trainee and each hour of training. He said the ETP computer system was once state of the art, it is not anymore, and he was in support of the need to update ETP's data management system.

PUBLIC MEETING ADJOURNS

ACTION: Ms. Montoya moved and Mr. Rendon seconded meeting adjournment at 12:33 p.m.

Motion carried, 7 – 0.