



**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**
California Environmental Protection Agency
1001 "I" Street
Coastal Hearing Room, 2nd Floor
Sacramento, CA 95814
December 16, 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

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I. PUBLIC PANEL MEETING CALL TO ORDER

Barry Broad, Chair, called the meeting to order at 9:41 a.m.

II. ROLL CALL

Present

Barry Broad
Sonia Fernandez
Bart Florence
Janine Montoya
Ed Rendon
Sam Rodriguez (arrived after initial roll call, at 10:07 a.m.)

Absent

Bart Florence
Michael Webb

Executive Staff Present

Brian McMahan, Executive Director
Maureen Reilly, General Counsel

III. AGENDA

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

Motion carried, 5 – 0.

IV. MINUTES

ACTION: Mr. Rendon moved and Ms. Roberts seconded the motion that the Panel approve the Minutes from the November 18, 2011 Panel meeting.

Motion carried, 5 – 0.

V. REPORT OF THE EXECUTIVE DIRECTOR

Brian McMahan, Executive Director, welcomed everyone and said that at today's meeting there are both single employer and multiple employer proposals and also a number of proposals

where there is a commitment to job creation, which is included in the agreements. He said he was pleased that ETP's Regional Office Managers were present at today's meeting on their quarterly visit to Sacramento.

In terms of the current budget year, as was the case at the last Panel meeting, we are not seeing a trend in collections that would move the number from the \$46 million estimate that we received from EDD's estimate group. Therefore, there is no change to the Fund Status Report other than to reflect the projects that will be approved today. If the Panel approves all projects at today's meeting, it will result in a total commitment of \$28.6 million after today's meeting, leaving approximately \$44 million in contracting ability for the remainder of the fiscal year. He said there are also twenty plus Delegation Order proposals that he and Chairman Broad will review next week.

Mr. McMahon discussed the pipeline and the application process in the current year. Since opening up for applications this year in mid-July, ETP has received approximately 413 core program pre-applications. Of that number, 378 remain active, which reflects a project demand of approximately \$80 million. Over the last couple of Panel meetings, he discussed the fact that typically we would see about a 40% fall-off from the amount of project demand identified at the pre-application stage versus what is ultimately approved by the Panel. We knew this year that with the caps on the projects, that percentage would be significantly less. The Panel completed a review of 95 projects over the last three Panel meetings that reflect approximately a 40 percent fall-off rate. When we apply deactivations to that number, it puts us in the situation of needing to take action on the application pipeline. So staff will be taking steps to close the pre-application process 30 days from today, January 16, for single employer retraining and multiple employer retraining proposals. We will continue to receive critical, job creation, small business, and fast-track proposals, and he asked that for the fast track proposals, that only one per employer be submitted.

As we move forward through the course of the Fiscal Year (FY), staff will be looking to see what is included in the 2012-13 budget for ETP. Staff will look at the May Revise, access the project demand at that point in time, and make some recommendations to the Panel as to whether or not we have a small hold-over of projects. One of the difficulties for us at the program level is the fact that 40% of our revenue is collected in the month of May, and we do not get those revenue numbers until late June. So it is conceivable that we would have some projects on the June calendar that, should funds exist, would be funded in the current year. Should funds not show up from the May collections, they would move into the next FY for funding. On the alternative fund standpoint, there are no restrictions for proposals coming in under AB118. We still have around \$4.6 million to allocate on projects from that funding source, so we will be receiving every type of project that can qualify under that proposal.

Mr. McMahon said as he mentioned at a previous meeting, in August 2011 the Governor issued an Executive Order creating the Veterans Interagency Council, naming a number of agencies that work with the Veterans population. ETP was among the agencies that were identified. We had our first meeting of the Interagency Council on Wednesday of this week. The group has the mandate to take a look at four areas that are impacting Veterans: 1) housing; 2) employment; 3) health; and 4) education. A two-day session will be held in February 2012 to come up with an action plan that identifies existing resources, gaps that may exist in terms of service delivery to

Veterans, and to arrive at a proposal or action plan to address those issues and create a greater level of integration across all four of those areas.

Mr. McMahon said he also wanted to address the issue of participating employers. Last October 2010, the Panel directed staff to ensure that funds we allocate to multiple employer agreements are spent. One of the ways that they felt that assurance could be developed, was by requiring that as a condition of coming before the Panel, that participating employers equaling about 80 percent of the amount requested, would be identified on 100B forms. He said he believes what we are seeing to some extent as an off shoot, is that proposals coming in with a list of 100B participating employers that are currently active in a number of other multiple employer agreements funded by ETP. That is acceptable from our program standpoint, but it does raise the issue as to whether or not there is some overlap training occurring with the same employees. He wanted to assure the Panel that staff will be putting a greater focus on that issue and looking at the number of proposals that employers are participating in. When it is identified that we have some very active participating employers identified on the 100B, staff will ask the applicant to distinguish how the training that they are proposing in the current agreement would differ from that which is being received under other multiple employer agreements. At the same time, it is prudent for staff to recognize that we do have a number of multiple employer contractors that have shown very strong performance over the last five years, and particularly for MEC contractors that can demonstrate that over the last five years that they have averaged at least 80 percent performance. We believe that some flexibility in looking at that 80 percent standard is due, so staff will be trying to apply a flexible rule going forward.

VI. MOTION TO ADOPT CONSENT CALENDAR PROJECTS/ACTION

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

Mr. Broad asked that Tab #2, Coventry Management Services, be removed from the Consent Calendar. He asked if there was a representative from Coventry present. A representative from Training Funding Partners was present on behalf of their proposal. Mr. Broad said he was removing it from the Consent Calendar and advised the representative that the proposal would be best served if it was not heard this month, since the development fees are too high and he was not prepared to take action on it now. Mr. Broad asked for a motion to approve the Consent Calendar, with Item #2 Coventry Management Services removed from the Consent Calendar.

Armstrong World Industries, Inc.	\$168,912
EdgeCast Networks, Inc.	\$103,284
International Rectifier Corporation	\$165,600
Solaris Paper, Inc.	\$126,600

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of four Consent Calendar Items: #1 Armstrong World Industries, Inc.; #3 EdgeCast Networks, Inc.; #4 International Rectifier Corporation; and #5 Solaris Paper, Inc. At Mr. Broad's request Consent Calendar Item #2, Coventry Management Services, Inc., was removed from the Consent Calendar.

Motion carried, 6 – 0.

VII. MOTION TO DELEGATE IN EVENT OF LOSS OF QUORUM

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

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

Motion carried, 6 – 0.

Mr. Broad discussed the matter of development fees. He said development fees are a sensitive subject for the Panel because while the development fees are not allowed to be paid out of ETP funds, it is difficult for the Panel to really know that on the same day, that funds are paid by the employer, received by the employer, I mean where it is really coming from – whether it is coming from our funds or their funds. He said we are seeing a disturbing trend in the Delegation Orders and some of the lower cost projects that are ending up on our Consent Calendar with very high development fees. He said they are well above our target of 10 percent or less, and 10 percent is way too high. He provided an example of \$10,000 being charged in development fees on a \$27,000 project. He said nobody has a right to have anything on Consent, and nobody has a right to have anything dealt with in a Delegation Order. He said he does not like the state being ripped off, and it is not going to happen on his watch. Therefore, he directed staff, that on any of the small business projects or any of the \$100,000 projects that are Consent Calendar items and have high development fees, that they not be subject to approval by Delegation Order, that he will not be signing any Delegation Orders allowing them to be delegated, that they will be heard by the full Panel, and that questions about the cost of development fees will be handled in excruciating detail. He said he is going to drill down into every last dime that is going into these development fees. He said he does not want to hear somebody say that a \$10,000 development fee on a \$27,000 project was an accident, and that they meant that the development fee should be \$2,000 for example. He said you are all warned and you will not get a second warning. If this continues, perhaps the Panel will have to consider a regulation about debarment. He said he is very serious about this topic.

VIII. DELEGATION ORDERS

Maureen Reilly, General Counsel, had nothing to report.

IX. REVIEW AND ACTION ON PROPOSALS

Single Employer Proposals

Car Sound Exhaust System, Inc.

Diana Torres, Manager of the San Diego Regional Office, presented a Proposal for Car Sound Exhaust System, Inc. (Car Sound), in the amount of \$333,520. Car Sound designs, develops and manufactures aftermarket catalytic converters and performance exhaust systems for automobiles. The company's products include: universal-fit catalytic converters, direct-fit cat-back exhaust systems, stainless steel tips and XL line of turbo mufflers. Car Sound serves

professional exhaust installers through its dealers worldwide and also sells its products to large distributors and retail operations.

Ms. Torres introduced Patricia Welch, Human Resources Director and Gordon Kirkpatrick, representing Kirkpatrick Enterprises, Intl.

Mr. Broad asked if Car Sound basically markets after-market catalytic converters. Ms. Welch said they actually do business under the name of Magnaflow, which may be more familiar to everyone. She said they began 30 years ago only making catalytic converters. She said catalytic converters are the parts that when your engine light goes on, you have to replace it, meaning eight-to-ten years after the car has been on the market and the warranty expires and you now have to go purchase one that is not covered by the dealer. She said they do not sell to companies such as GM or Honda, but sell to people that have to install them after those warranties have expired. She said the other side of their business that has grown significantly in the last few years and that has helped the company grow, is the performance side of their business. She said when the economy takes a downturn, maybe the performance side goes down, but people are still replacing parts on their cars because they plan to keep them. Mr. Broad said he did not realize there was a large market for replacement of catalytic converters and that he was surprised by that. Ms. Welch said yes, there is a huge market for them and CA actually has helped them with that because of the stringent regulations that CA has put on emissions and smog and this has made it the flag state for the rest of the U.S. This has helped their business because now they have converters that can pass anywhere because of California's regulations, so it has actually helped them to be located here.

Ms. Roberts said it was great to see a small business owner building their own business, hiring in this economy, and that it is a wonderful contract. She also pointed out that the administration fees are only 10 percent for administration and no development fees are being charged.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the Proposal for Car Sound in the amount of \$333,520.

Motion carried, 6 – 0.

Edwards Lifesciences LLC

Ms. Torres presented a Proposal for Edwards Lifesciences LLC (Edwards), in the amount of \$349,713. Edwards is in the science of heart valves and hemodynamic critical care monitoring. The company focuses on medical technologies. The company's offerings include tissue replacement heart valves and valve repair products, hemodynamic monitoring devices, as well as technologies that facilitate on-pump cardiac surgery procedures through smaller incisions. Edwards develops new investigative technologies designed for the non-surgical replacement of heart valves and is also developing a blood/glucose monitoring system for the hospital environment.

Ms. Torres introduced Sue Reed, Director of Leadership Development.

Mr. Broad asked if there is currently an active project for Edwards. Ms. Torres said yes, there is an active project and it is a job creation only project. Mr. Broad asked if this is for a different group of employees. Ms. Torres answered in the affirmative.

Mr. Broad asked if the employees that will receive training under this proposal, include the same employees that received training under previous proposals. Ms. Reed said they may have received prior training. Mr. Broad said at some point, it begins to look like ETP is the ongoing funding source of their training and we cannot fund everyone's training on an ongoing basis. He said there is just not enough money to go around and perhaps it time to give it a pass for a while if this is proposal is approved, simply because this is one company that has received over \$2 million. He said that is a great deal of money, and it is not to say you have not done a great job doing the training, but we have to share the funds. So with that gentle suggestion, I do not have a problem with this proposal. You are making a substantial contribution and I appreciate that, but perhaps it is time to ease off.

Ms. Roberts asked about the 30 percent substantial contribution and thought it should be a 50 percent contribution when it got to a certain point. Mr. McMahon said there is a range for second time proposals between 15 to 50 percent, so 30 percent is the mid-range substantial contribution. Ms. Roberts thanked him for the explanation. Mr. Broad said if a Panel member believes it should be higher, they could certainly make that motion. Ms. Roberts said only because they have been a repeat contractor over the last five years, and it says 30 percent in the agreement. She said she was agreeable to it being 30 percent in this proposal but if they return for future funding, it will likely be a 50 percent substantial contribution.

ACTION: Ms. Roberts moved and Ms. Montoya seconded approval of the Proposal for Edwards in the amount of \$349,713.

Motion carried, 5 – 0.

Sam Rodriguez, Panel Member, arrived at 10:07 a.m. bringing the Panel quorum to a total of six and was present for the remainder of votes.

KND Development 52 LLC dba Kindred Hospital Baldwin Park

Wally Aguilar, Manager of the North Hollywood Regional Office, presented a Proposal for KND Development 52 LLC dba Kindred Hospital Baldwin Park (Kindred), in the amount of \$382,806. Kindred is a long-term acute care hospital currently providing healthcare services for up to 71 patients. Kindred provides aggressive specialized interdisciplinary care to medically complex patients who require extended recovery time (generally 25 days or more). The hospital serves the community by receiving Intensive Care and Medical/Surgical patient transfers from short-term acute facilities. Kindred primarily serves geriatric patients commonly presenting symptoms related to pneumonia, ventilator dependence, anemia, immobility, and nutritional complications. These patients often have limited healthcare options and require prolonged recovery time that conventional short-term acute care hospitals may not be equipped to support. The hospital's services include an operating room, intensive care unit, wound care, pharmacy, radiology, rehabilitation center, respiratory care, dietary and case management, surgery, and social services.

Mr. Aguilar introduced Sofia Lujano, Education Manager and Antoinette Bibal, Human Resources Director.

There were no questions from the Panel.

ACTION: Mr. Rendon moved and Ms. Fernandez seconded approval of the Proposal for Kindred in the amount of \$382,806.

Motion carried, 6 – 0.

MillerCoors LLC

Mr. Aguilar presented a Proposal for MillerCoors LLC (MillerCoors), in the amount of \$346,500. MillerCoors operates eight major breweries across the U.S. and is the second largest beer producer in the country. MillerCoors' manufacturing site in CA is located in Irwindale and produces 21 products including an extensive line of popular packaged beers such as Miller Lite, Miller High Life, Miller Genuine Draft, and Coors Light.

Mr. Aguilar introduced Mark Dujardin, Brewery Controller and Yolaund Sulcer, Learning and Development Manager.

Mr. Broad noted the very high wages and low average cost-per-trainee and said it was a strong proposal.

Ms. Fernandez asked what they plan to do differently and organizationally to ensure success in this proposal. Ms. Sulcer said this time they have a strong plan in place and they have support from their corporate offices to ensure the training is rolled out in March.

Ms. Roberts noted there were no administrative services being charged on this proposal. She said the company was requesting over \$200,000 more than they completed just this year, and now they are asking for additional funding but only earned 70 percent in their last proposal. She was concerned about the company being able to utilize the funds if the right training mechanisms are not in place. Ms. Sulcer said an administrative assistant has been assigned to administer the contract moving forward, and they have filtered out some of her other work so that she can devote most of her time to administering the contract. Ms. Roberts said it was good to hear that someone is now in place that was not before. Ms. Sulcer said yes, absolutely.

ACTION: Mr. Rendon moved and Ms. Fernandez seconded approval of the Proposal for MillerCoors in the amount of \$346,500.

Motion carried, 6 – 0.

Northrop Grumman Corporation

Mr. Aguilar presented a Proposal for Northrop Grumman Corporation (NGC), in the amount of \$529,505. NGC was established in 1939 and has 70 locations within CA. The company is best known for its leadership in science and technology manufacturing aircrafts and other systems critical to maintaining the nation's security. These systems are primarily utilized by government

customers in areas including intelligence, strike operations, electronic warfare, missile defense, and space science and exploration. The company conducts most of its business with the U.S. Department of Defense, as well as other domestic and international customers.

Mr. Aguilar introduced Orville Dothage, Manager of Process Management & Integration and Advanced Production Training Centers and Taylor Newton, Process Management & Integration.

Mr. Broad said they have not had very good performance in their two prior projects and asked what they plan to do differently this time to ensure that they earn 100 percent. Mr. Dothage said they associated 31 different sites within CA and because of funding on the contracts and events that happened; it was too large of a portion to handle at once. They have scaled the training back to include the three primary locations where they are expecting growth. He said in the past month they have added an additional 45 employees and plan to add 150 more next year. He said the Palmdale location has grown from 3,000 employees currently and that number could easily double within the next seven years due to projected growth from the F-35 Joint Strike Fighter regardless of funding. He said they are also working with other programs to offset the funding. He said even the robotic lines are not going to put employees out, but will increase the number of employees they have.

Ms. Fernandez asked what steps they plan to take and what they are committed to doing, in order to ensure that the individuals signed up for the training actually receive it. Mr. Dothage said not all 31 locations reported through his organization previously. Since they have now consolidated those locations, those sites now all report through his organization so he will oversee them and are confident they will complete the training.

Mr. Rodriguez said they obviously did some internal benchmarking on what happened and how they will manage going forward. Mr. Dothage said yes, that is correct. Mr. Rodriguez asked if there was an internal audit conducted. Mr. Dothage said they continually perform internal audits and are improving most processes all of the time. He said the largest factor for not earning the full value of their prior proposal had to do with some funding of smaller projects at other sites that were solely dependent upon a single product. He said the sites we are discussing now have multiple products. At the Palmdale location alone, there are in excess of ten products being built there. Mr. Rodriguez asked if there was an internal evaluation and how to better manage the training. Mr. Dothage said they do that consistently, and part of that change has been in the reporting structure for those different organizations instead of them not reporting to a single entity such as himself; a re-do of that is one of the major changes.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the Proposal for NGC in the amount of \$529,505.

Motion carried, 6 – 0.

Mr. Dothage extended an offer to the Panel to tour their operations, especially with their work on the F-35 Joint Strike Fighter, which has not been done yet in the aircraft industry. He said they have unmanned ground vehicles moving the product from station-to-station along with articulated robots that perform the drilling countersinking operations.

Mr. Rodriguez asked if the statement Mr. Dothage made earlier was quotable, regarding their plans to double the workforce at the Palmdale facility in the next seven years. Mr. Dothage said he knows what their long-range plans are, but does not know that he would want them to publish 100 percent. He said so much is dependent upon the funding, but they are going to be close to that number. Mr. Broad asked if it is primarily due to the F-35 Joint Strike Fighter. Mr. Dothage said no, absolutely not, and that they have new technologies that are causing the growth. He said they currently occupy two sites at Plant 42, and are in negotiations to purchase the rest of the sites; there are a total of nine. He said they do not have any more seats at their facilities. They have two million square feet of manufacturing facility and they do not have any more room. They are in the process of moving to occupy sites three and four and will be moving into site two very soon. He said they are in negotiations with the Los Angeles airport regarding taking the site nine facility over and hope to also get sites five and six. He said NG has made a commitment to stay in CA at Plant 42.

Omni Hotels Management Corporation dba Omni Los Angeles Hotel

Mr. Aguilar presented a Proposal for Omni Hotels Management Corporation dba Omni Los Angeles Hotel (Omni), in the amount of \$340,782. Omni provides luxury accommodations and convention/conference resources to corporate business and upscale leisure travelers. Located in the heart of downtown Los Angeles, Omni operates in a competitive marketplace. Guest services include a business center, full-service restaurant, high speed internet access, in-room exercise, meeting rooms, and on-site fitness center.

Mr. Aguilar introduced Kathy Faulk, General Manager.

Ms. Roberts said she had previously stayed at Omni and was pleased to hear of their renovations. She said they have had great performance in their two prior contracts, and asked if they are now doubling the requested amount of funding this time for the same amount of employees. Ms. Faulk answered yes and no; she said their last contract was significantly reduced so part of this is the Phase II of their initial contract. She said there is also quite a significant difference in the service levels they are offering now with their new product.

Mr. Rodriguez asked if they are expanding as a consequence of an increase of in-state tourism, out-of-state tourism, or within Los Angeles. Ms. Faulk said they are expanding for a couple different reasons. She said as mentioned earlier, their product was in need of refurbishment as it was twenty years old. She said the hotel had been refurbished a few times by previous owners but this was their first time doing a significant renovation. She said downtown Los Angeles has now started to revitalize and come back. She said half of it is related to the business sector of which 100% comes from outside of CA. She said thankfully that the banking, lawyering, engineering, and architectural businesses are coming back, but again they are pulling clients in from outside. She said there has been a significant increase in international visitors with the recent LAX renovation, and they want to be prepared to handle the needs of those guests so they will hopefully return to CA many times in the future.

ACTION: Ms. Fernandez moved and Ms. Montoya seconded approval of the Proposal for Omni in the amount of \$340,782.

Motion carried, 6 – 0.

Perrin Bernard Supowitz, Inc. dba Individual FoodService

Mr. Aguilar presented a Proposal for Perrin Bernard Supowitz, Inc. dba Individual FoodService (IFS), in the amount of \$202,500. IFS is a high volume distributor of paper, food, and janitorial products. The company serves more than 3,000 customers weekly including restaurants, wholesales, food processors, caterers, healthcare facilities, and hospitality establishments.

Mr. Aguilar introduced Zoyla Rice, Sr. HR Manager.

Mr. Broad noted that IFS has had very little turnover, the wages are fairly good, the average cost-per-trainee is fairly low, and they performed well in their prior contract.

ACTION: Ms. Montoya moved and Ms. Fernandez seconded approval of the Proposal for IFS in the amount of \$202,500.

Motion carried, 6 – 0.

Rehrig Pacific Company

Mr. Aguilar presented a Proposal for Rehrig Pacific Company (Rehrig), in the amount of \$385,560. Rehrig is a manufacturer of reusable plastic pallets and crates for handling and transporting commercial products, manufactured goods, produce, food, and beverage products.

Mr. Aguilar introduced Roger Hsu, Plant Manager.

There were no questions from the Panel.

ACTION: Ms. Fernandez moved and Ms. Roberts seconded approval of the Proposal for Rehrig in the amount of \$385,560.

Motion carried, 6 – 0.

Senior Aerospace SSP, a Division of Senior Operations LLC

Mr. Aguilar presented a Proposal for Senior Aerospace SSP, a Division of Senior Operations LLC (Senior Aerospace), in the amount of \$288,000. Senior Aerospace designs and manufactures ducts and duct assemblies for military, commercial, and private airplane manufacturing companies and airplane component manufacturers.

Mr. Aguilar introduced Jeff Gerow, Human Resources Manager.

Mr. Broad asked if this is part two of their original proposal, which was a proposal the Panel previously heard and approved at a prior meeting; and he asked if any Panel members had an objection to substituting a unanimous roll call. There were no objections from the Panel and the project was approved in the amount of \$288,000.

SYSCO Los Angeles, Inc.

Mr. Aguilar presented a Proposal for SYSCO Los Angeles, Inc. (Sysco LA), in the amount of \$399,000. Sysco LA is the largest marketer and distributor of food service products to

restaurants, major hotels, and other institutions located throughout Southern California with 980 employees in its Walnut facility. It warehouses, distributes, and delivers more than 10,000 different food products, beverages, equipment, and supplies to restaurants, schools, assisted living facilities, government facilities, and other businesses.

Mr. Aguilar introduced Joe Peccoralo, Vice President of Human Resources and Janelle Lane, Training Manager.

Mr. Broad asked if this proposal is limited only to the Sysco Los Angeles location. Mr. Peccoralo answered in the affirmative and said it is something he can control with his training managers. Mr. Broad asked if all of the trainees are non-union employees that will be trained. Mr. Peccoralo said yes, they are all non-union sales force employees. Mr. Broad asked if the difficulties in the prior project were primarily a geographical issue as opposed to a process question within the Los Angeles division. Mr. Peccoralo said yes, that is correct.

Mr. Rendon said he deals with this company frequently in Southern CA and they are a great employer, and have been very supportive of their philanthropic charity efforts over the years. He said if the Panel had no further questions he was recommending a motion to approve. There were no further questions from the Panel.

ACTION: Mr. Rendon moved and Ms. Roberts seconded approval of the Proposal for Sysco LA in the amount of \$399,000.

Motion carried, 6 – 0.

Anritsu Company

Creighton Chan, Manager of the Foster City Regional Office, presented a Proposal for Anritsu Company (Anritsu), in the amount of \$323,920. Anritsu provides products and services for the development, manufacture, and maintenance of a range of communication systems used in mobile phones and the Internet. Anritsu technologies are also incorporated into products in other fields, such as Internet Protocol (IP) network equipment, inspection equipment for food and pharmaceutical products, and precision measuring instruments for electronic components.

Mr. Chan introduced Deborah Morton, Director of Human Resources and Pamela Castellanos, Senior HR Representative.

Mr. Rodriguez asked for the role that a temporary employment agency has in this proposal. Ms. Morton said they typically have a certain percentage of their manufacturing employees that are employed through contracting firms, and this allows them flexibility with their head count. She said that many of those manufacturing employees are converted into full-time hires. Mr. Rodriguez asked if they had the same employment model during their prior ETP contract. Ms. Morton said yes, it tends to be somewhere in approximately the 10-to-15 percent range of the actual manufacturing employees. Mr. Broad clarified that in this type of circumstance, the temporary agency cannot get paid unless the person is hired permanently, therefore the temporary agency cannot get paid in this instance.

ACTION: Ms. Fernandez moved and Ms. Roberts seconded approval of the Proposal for Anritsu in the amount of \$323,920.

Motion carried, 6 – 0.

Bottling Group LLC dba Pepsi Beverages Company

Ms. Roberts recused herself from review, discussion, and action on the Bottling Group LLC dba Pepsi Beverages Company project.

Mr. Chan presented a Proposal for Bottling Group LLC dba Pepsi Beverages Company (PBC Hayward), in the amount of \$249,390. PBC Hayward manufactures carbonated and non-carbonated soft drinks, teas, juices, and waters which may be packaged in aluminum cans, PET (polyethylene terephthalate) bottles which can be recycled and Bag-in-Box products for distribution in retail, grocers, and food service establishments.

Mr. Broad asked staff if it would be appropriate to combine the two PBC Hayward and PBC Sacramento-Fresno proposals and asked that they be presented and voted on together in one motion. Mr. Chan said yes, it would be appropriate to combine the two proposals. He said there will be a total of five PBC facilities and that two additional facilities will come to the Panel for funds in the future. This month there are three facilities represented: 1) PBC Hayward; 2) PBC Fresno; and 3) PBC Sacramento. Mr. Chan said the additional two PBC facilities will be from Southern CA. Mr. Broad asked if any of the PBC facilities, including the two facilities that will come to the Panel in the future, will involve a substantial contribution or if this will be the first proposals for every facility. Mr. Chan said there will be no substantial contribution as it will be the first proposal for all five facilities. He said the total amount of funding for all five facilities will be \$1.2 million, so a cap was set on each facility.

Mr. Chan said he will speak to the PBC Hayward facility and Ms. Hernandez will speak to the PBC Sacramento-Fresno facility.

Mr. Chan introduced Lindsey DeLeon, Process Engineer representing PBC Hayward and Ms. Hernandez introduced Steve Lawrence, Director of Operations representing PBC Sacramento-Fresno.

Ms. Hernandez presented a Proposal for Bottling Group LLC dba Pepsi Beverages Company (PBC Sacramento-Fresno), in the amount of \$448,920. The facility proposes to train 290 employees and training is similar to the one proposed in PBC Hayward. There are support letters from the United Steelworkers Locals 555 and 565 and they are both located in a high-unemployment area; however, they are not requesting a wage or retention modification.

Mr. Broad asked if training is basically the same at the two facilities with similar curriculums, and similar trainees. Mr. Chan and Ms. Hernandez both answered yes, that is correct.

Mr. Rodriguez asked about a statement on Page 3 in the ETP 130, that company representatives are seeking the Panel's assistance to establish a formal training program to improve frontline worker involvement in decision-making, and to build a team environment in the production side of its operation. Mr. Lawrence said yes, Pepsi Beverages Company was

acquired by Pepsi Co. last year. As such, their business model has changed dramatically. Pepsi Co. is investing much capital in their facilities; Hayward invested about \$25 million last year and Fresno invested approximately \$30 million. As such, the complexity of their business is even greater, so it is more important that they educate their employees on new initiatives. Mr. Rodriguez asked if they have an existing training program. Mr. Lawrence said yes, they have an existing training program. Mr. Rodriguez asked who is in charge of the training program. Mr. Lawrence said they have a coordinator in Sacramento that will oversee it, and they have individuals that will track the training. He said they are extremely regulated since they are a food and beverage business. They are also highly audited, and as to their ability to track the training, it is well within their scope.

Mr. Broad asked if this is being coordinated by someone, or if it is just facility-by-facility, and if they are each handling it themselves or if the training is being coordinated at a higher corporate level for all the facilities. Mr. Lawrence said it is a headquarter initiative. Since Pepsi Co. took over, there are two large initiatives for the plants this year, Total Productive Manufacturing (TPM) as well as lean Six Sigma, so they are rolling it out nationwide, and part of this training will be to train the CA facilities. Mr. Broad asked if this is an acquisition of locally owned operations, and what he assumes were licensees in the past. Mr. Lawrence said yes, that is correct. Mr. Broad asked if that is a trend in Pepsi. Mr. Lawrence said yes Pepsi Co. last year acquired Pepsi Beverages Companies and Pepsi Americas, which were their two largest independent bottlers. He said they are still acquiring some of what they call FOBO (Family Oriented Business Organizations), and that still takes place; and they acquired the two large bottlers last year.

Ms. Montoya said that for such a large company, she believes this is a very reasonable proposal in the amount of funding they are requesting. She said she was very happy to have PBC facilities in CA and said it is the kind of company that can really benefit CA in general, as people are purchasing it all over the world.

ACTION: Ms. Fernandez moved and Ms. Montoya seconded approval of the two Proposals for Tab #17 PBC Hayward in the amount of \$249,390 and Tab #22 PBC Sacramento-Fresno in the amount of \$448,920.

Motion carried, 6 – 0.

Del Monte Corporation

Mr. Chan presented a Proposal for Del Monte Corporation (Del Monte), in the amount of \$243,000. Del Monte is recognized as one of the country's largest manufacturers, distributors, and marketers of premium quality, branded pet products and food products for the U.S. retail market. Food product brands include Del Monte, Contadina, S&W, College Inn and other brand names. Its pet food and pet snacks brands include Meow Mix, Kibbles 'n Bits, Milk-Bone, 9Lives, Milo's Kitchen, Pup-Peroni, Gravy Train, Nature's Recipe, Canine Carry Outs, and other brand names. The company also produces and distributes private label food products. All products are distributed to core customers (suppliers) such as Albertsons, Target Corporation, Wal-Mart Stores Inc., Safeway Company, PetSmart, and Costco.

Mr. Chan introduced Eva Harris, Sr. Manager of Organizational Development, Capabilities and Training.

Mr. Broad said they did not perform well in their prior proposal. He asked about the company's recent hire of two individuals with prior ETP experience, and if the company representative was one of the individuals hired. Ms. Harris said yes, she has prior ETP experience and previously worked for a Clorox company. She was with the company for 14 years and managed two of their ETP contracts of well over \$1 million. She said they did very well, and she will take the experience she learned from the Clorox company and apply it to Del Monte.

Ms. Roberts said they have several seasonal workers at their Modesto facility and asked how those workers will be handled. Ms. Harris said seasonal workers are not included in this proposal.

Mr. Rodriguez asked if Ms. Harris contributed toward the proposal. Ms. Harris answered yes. Mr. Rodriguez asked if she is fairly confident about dispensing the training among the five facilities. Ms. Harris said yes, that they actually downsized their scope this time around. She said they eliminated some of the plants that did not perform well and they are focusing on the headquarters and plants that need the training the most and are focusing on innovation.

Mr. Broad asked if this proposal includes production workers and if English proficiency is an issue. Ms. Harris said those typically target their seasonal employees. She said they have some production workers on the line and engineers or mechanics that work at the manufacturing plant that are included, but they are full-time employees. She said that English proficiency is not an issue.

ACTION: Ms. Fernandez moved and Ms. Montoya seconded approval of the Proposal for Del Monte in the amount of \$243,000.

Motion carried, 6 – 0.

Penske Truck Leasing Company, LP

Mr. Chan presented a Proposal for Penske Truck Leasing Company, LP (Penske), in the amount of \$336,600. Penske is a nationwide transportation company providing three lines of service: rental, leasing, and maintenance. As it relates to rental, trucks are provided to commercial and private customers for local or long distance moves. The leasing service focuses on long-term solutions for local businesses and corporate customers. The maintenance department provides preventative maintenance and repairs for Penske trucks leased to customers or customer-owned trucks. Examples of customers in California include E&J Gallo Wine, Core-Mark Systems, McClatchy Newspapers, CVS Drug Stores, Vistar Corporation, Odwalla, Southern Wine and Spirits, and the City of San Jose.

Mr. Chan introduced Trang Bach, Human Resources Manager and Chris Lund, District Manager.

There were no questions from the Panel.

ACTION: Ms. Roberts moved and Mr. Rendon seconded approval of the Proposal for Penske in the amount of \$336,600.

Motion carried, 6 – 0.

Seagate Technology Holdings, Inc.

Mr. Chan presented a Proposal for Seagate Technology Holdings, Inc. (Seagate), in the amount of \$424,728. Seagate designs, manufactures and markets hard disk drives. (Drives are devices that store digitally encoded data on rapidly rotating disks with magnetic surfaces). Seagate products are used for enterprise servers; mainframes and workstations; desktop and notebook computers; and a wide variety of end user devices. Seagate's key customers are major original equipment manufacturers (OEMs) and distributors of computer and storage systems. In addition to its product line, Seagate also provides data storage services for small to medium-sized businesses, including online backup, data protection and recovery solutions.

Mr. Chan introduced Daniel Jennings, Senior Director.

Ms. Roberts asked if both locations were included in the prior ETP contract. Mr. Chan said both the Fremont and Cupertino facilities were included in the prior ETP contract but that Cupertino did not earn over \$250,000. He said that although only the Fremont plant is subject to a substantial contribution, that for ease of project administration, Seagate has agreed to a 15% across-the-board substantial contribution for both the Fremont and Cupertino facilities, thus allowing all trainees to be enrolled in one job number.

Mr. Broad pointed out that Herrera and Company is not charging a development fee because they are receiving an administrative fee for this proposal which is reasonable and appropriate.

Mr. Rodriguez asked about Intel's concern about the disk drive. Mr. Jennings asked if he was referring to the concern of the flash drive. Mr. Rodriguez said yes, that is correct. He said if you look at the history of the disk drive in the 1950's, IBM produced a refrigerator-sized hard drive that was 5 mg and cost \$50,000. Today you could get a very small drive that will hold a very large amount for the cost of \$100. So they continue to drive the scale down; and the technology curve, they must maintain that curve to fend off competitive threats and flash is one of them. He said I believe what you will see over time, is that flash will start picking up parts of the market, for example with mobile devices and laptops for people who want a small form factor, lower power consumption, faster processing speed, but flash is still 10x times the cost of what they do today. The backbone of the Internet will still be managed by or supported by server farms which are going to be rotating disks like they produce. As an alternative strategy, they are actually producing flash drives. He said they are merging with Samsung which will enable them, and actually secure them, a source of some of the flash technology that will support that path. In addition, their current product stream also includes what is called a hybrid drive, which is a combination of flash and a conventional drive to give them the best of both worlds; low cost and large storage, but still good performance.

Mr. Rodriguez asked if the company fears that perhaps part or all of their operations will be sent overseas once the merger is complete. Mr. Jennings said they are a multi-national company with operations around the world. He said California obviously has higher expenses so they

have to differentiate themselves. He said their Fremont location is a research and development facility, so they are developing the technology that allows them to deploy that technology into the locations where they have a cost effective infrastructure. He said their differentiator is technology development, and he does not believe they will offshore their technology development, which is what they do in Fremont.

ACTION: Mr. Rodriguez moved and Mr. Rendon seconded approval of the Proposal for Seagate in the amount of \$424,728.

Motion carried, 6 – 0.

TTM Printed Circuits Group, Inc.

Mr. Chan presented a Proposal for TTM Printed Circuits Group, Inc. (TTM), in the amount of \$499,950. TTM is a manufacturer of printed circuit boards (PCB) and backplane assemblies. The company serves a diversified customer base in various markets throughout the world, including manufacturers of networking and communications infrastructure products, personal computers, touch screen tablets and mobile media devices (cellular phones and smart phones). The company also has customers in the commercial aerospace and defense, and industrial and medical industries. The company's customers include both original equipment manufacturers (OEMs) and electronic manufacturing services (EMS) providers.

Mr. Chan noted a correction to the ETP 130 on Page 5 under Administrative Services. He said the company has not hired a consultant.

Mr. Chan introduced Jessica Novak, VP Human Resources and Sara Cagle, HR Project Consultant.

Mr. Broad asked for an explanation of the issue involving H1B visas and if it was mentioned that there are people on work visas. Ms. Novak said they have one individual in CA who is on an H1B visa. Mr. Broad said if that is an issue, he has not confronted it before in his tenure on the Panel. Ms. Roberts said there are federal grants on H1B visas. Mr. Broad said if companies are bringing someone to CA from out-of-state on an H1B visa because there are no workers in CA that can do the job, and ETP is going to train the people to do the job; he would question why we would not train the people to do the job that already live in CA. He said it is a mine field, but if we have to confront that mine field, we will. Ms. Roberts said the fees are then being diverted back to those companies that apply for those funds to train their own workers in many states. Mr. Broad asked her for further clarification. Ms. Roberts said the fees from the H1B visa is a grant program where employers can then seek money from H1B grants to train their own employees; therefore, they do not have to source H1B visa grants. She said there are federal grants available for that. Mr. Broad asked Ms. Roberts is she was suggesting that H1B visa fees would not be something ETP would fund because federal grants are available for that purpose. Ms. Roberts said yes that is correct, if that was the case. Mr. Broad asked, but we are not funding anyone like that, correct? Ms. Roberts answered yes, that is correct.

Ms. Roberts asked Ms. Cagle if she worked as an outside consultant and was not employed by TTM. Ms. Cagle said yes, that is correct. Ms. Roberts cautioned that this proposal is a big undertaking since they have 550 employees to train at three different locations. She said that

rosters, documentation, spreadsheets, and the training can all be overwhelming, especially if after a year they realize they may only have ten people trained. She said if they got to that point, she suggested utilizing Ms. Cagle to assist them through the rest of the training since it can be quite challenging. Ms. Novak said they will hire two people to the HR staff, a training manager and an HR coordinator, and hopefully they will find someone with prior ETP experience. She said they have a few candidates they are looking at right now.

Mr. Rodriguez asked if part of the training is for a contract that they have with the federal government. Ms. Novak said yes, that is correct. Mr. Rodriguez asked for the approximate percentage of their federal contracting. Ms. Novak was unsure of the exact number of federal contracting. Mr. Rodriguez asked if it was mostly Department of Defense. Ms. Novak said yes, correct.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for TTM in the amount of \$499,950.

Motion carried, 6 – 0.

Bottling Group LLC dba Pepsi Beverages Company

Tab #22, Bottling Group LLC dba Pepsi Beverages Company (PBC Sacramento-Fresno), was approved earlier in one motion in the amount of \$448,920 along with Tab #17 for Bottling Group LLC dba Pepsi Beverages Company (PBC Hayward).

Multiple-Employer Contractor Proposals

Comprehensive Training Systems, Inc.

Ms. Torres presented a Proposal for Comprehensive Training Systems, Inc. (CTS), in the amount of \$224,708. CTS operates training facilities in the cities of Imperial Beach and San Diego. CTS provides comprehensive employment training to unemployed, under-employed, and “hard to serve” populations that include CalWORKS, limited English speakers, ex-offenders, and high school drop-outs.

Ms. Torres introduced Linda Blair-Forth, President.

Ms. Roberts commended CTS for taking this project on, especially since it involves welfare-to-work and ex-offenders. She said those are all hard to place and they have done an excellent job even though the numbers appear low. Ms. Blair-Forth said they have three additional individuals that were ex-offenders that went to temporary agencies and were laid off and then they put them into permanent jobs, so they will be up to 75% payment earned. Mr. Broad said that is very impressive.

ACTION: Ms. Roberts moved and Ms. Fernandez seconded approval of the Proposal for CTS in the amount of \$224,708.

Motion carried, 6 – 0.

Santa Ana Chamber of Commerce

Ms. Torres presented a Proposal for Santa Ana Chamber of Commerce (SACC), in the amount of \$748,622. SACC, formerly called the Greater Santa Ana Business Alliance, has worked since 1889 to bring a high level of economic prosperity to area business owners, workers, and residents through its business programs in Orange County. SACC works with and relies upon input from its councils, committees and task forces to implement strategies and programs to ensure goal achievement. These working bodies provide an opportunity for involvement from members and stakeholders and ensure a broad representation of business, government, education, and residents.

Ms. Torres introduced Marty Peterson, Vice President of Operations and AK Thakore, President of Saisoft.

Mr. Rodriguez asked if they are located in Orange County and are a member of the Santa Ana Chamber of Commerce. Mr. Peterson answered yes, correct. Mr. Rodriguez asked if there are nine companies in Northern CA that need retraining. Mr. Peterson said yes, that is correct. Mr. Rodriguez said he is familiar with a couple of them because they are part of local chambers in the Bay Area. He asked, what is the uniqueness of your service that you offer? Mr. Peterson said they are good for business in general around the state, and with the technology that they have, it is not widely available, and it is a benefit to companies outside their area to have this ability to provide them assistance. He said it is perhaps a bit outside their core focus area, which is Santa Ana and the surrounding areas, but it is a benefit to the business community overall, to be able to take advantage of this. Mr. Rodriguez asked if it is proprietary. Mr. Peterson said yes, it was developed by Saisoft.

ACTION: Ms. Roberts moved and Ms. Montoya seconded approval of the Proposal for SACC in the amount of \$748,622.

Motion carried, 6 – 0.

Professional Career Institute dba PCI College

Mr. Aguilar presented a Proposal for Professional Career Institute dba PCI College (PCI), in the amount of \$370,435. PCI is a computer and networking technology training center that offers courses in office management, medical assisting, computer system technology, dental assisting, medical billing/coding, ultrasound and vascular technician training, and sonography. PCI campuses are located in Cerritos (main) and Gardena (satellite). PCI accepts private students and students referred through employers and the Workforce Investment Act (WIA) system in Southern California.

Mr. Aguilar introduced Ray Khan, Director and Steve Duscha, representing Duscha Advisories.

Mr. Broad said he has an item that he would like ETP staff to research which has been concerning him for a while now. He said when he looks at the menu curriculum in some of the multiple-employer contracts it looks like fairly basic and standard technology training. He noted the average cost-per-trainee is almost \$5,700, and what he would like staff to consider, is comparing a similar curriculum in the multi-employer contracts, with a similar curriculum in a

single-employer contract, because he gets the distinct impression that we are paying much less when it is a single-employer and there may be reasons for that.

Mr. McMahon said one of the reasons for that in this proposal is that these are new-hires. Mr. Broad said yes, but he has always felt that during his tenure on the Panel over the last decade, where he struggles the most is trying to figure out what the curriculum is. He said he is not questioning the curriculum in this proposal individually, but is raising a general question about curriculums. He said in this more generic type of training, and we see much generic training, he wants to get an apples-to-apples comparison, so that is a very good point about whether it is new-hires or not. He said he wants to make sure that in a proposal where the average cost-per-trainee is \$692 and the next one is \$5,600 per trainee, he would like to get a sense of how they compare. He said perhaps they are unemployed and that should be a difference, but asked staff to begin looking at that. Mr. McMahon said he will have staff look at it, but the largest factor in terms of what drives the cost per trainee is the number of hours of training delivered in the new-hire projects. They have usually and typically had a higher level of remedial type of training in those projects, but staff will look at it. Mr. Broad said correct; he has noticed that as the economy and ETP funds have tightened, the amount of hours of training that people are receiving based on our grants is going down. The question is whether they are less well trained as a result of the number of hours going down, or are they just as well trained, and there were previously too many hours of training without enough sufficient return for those hours of training. In other words, if you earn 99 percent of what you need in the first twenty hours and one percent in the next twenty hours, and if you drop the next twenty hours, you are still getting 99 percent. Mr. Broad said that is his concern, and it is amorphous and very difficult to judge; so we tend not to do a lot of judging on that basis, but it does concern him and has for some time. He said being on the Panel and making decisions based on this type of discussion; he has seen various members of the Panel struggle with it over time and mostly the Panel just surrenders. He said he believes if it could be looked at in some systematic way to tell the Panel what is going on, it would be appreciated.

Ms. Roberts said a study could be on, for instance, how many hours for each one of those courses we are funding. She said we have read many articles about 600,000 jobs that are needed in our businesses in CA that are not being filled. She questioned if we are training the right people in the right curriculum in order to fill the 600,000 positions that are not being filled, and said she was unsure of what the right curriculum is to do so.

Mr. Broad said it is always a challenge with these multi-employer contracts because in the single-employer contracts, which are essentially the core statutory concepts of ETP, an employer is deciding we need to do this to make more money and there is a direct connection. Obviously in these multi-employer contracts, a training entity is putting out the training and then seeing if employers are interested in using that training, and they obviously want to make the training offered generic enough to attract enough employers. It cannot be so specialized that there are only three people to train, because that is not very economic, so then the issue is, is it really producing what we want it to produce? It has been a constant issue because multi-employer contracts do not really fit very comfortably into ETP's model. He said they never have and they probably never will. That being said, he believes there is a very good argument for having them and they can do a lot of good training and we see great proposals and many repeat contractors who are very good at what they do. So it is not a criticism, it is a little bit of a round peg in a square hole, that is what the problem is. He said he is fine with this proposal, but as he

looks through the curriculums he is unsure of how he feels about the high cost of training at times, which is his point. Ms. Montoya agreed with Barry's statement.

ACTION: Ms. Fernandez moved and Mr. Rendon seconded approval of the Proposal for PCI in the amount of \$370,435.

Motion carried, 6 – 0.

Mr. McMahon said I would say on that point to Mr. Broad, that one of the inherent characteristics of a new-hire project is the additional risk that the contractor assumes due to the placement requirement before they earn the reimbursement. Mr. Broad said yes, there is no question that they really have skin in the game. They are taking significant entrepreneurial risk, it is not just a handout; but if we look at the projects we are approving now, they are very dialed down into the amount of money that is sought from what we used to see. He said perhaps we were giving out too much money, per applicant in the past. He said he is beginning to ask himself if they are dialed down because of the nature of our budget constraints, and are we actually delivering significantly less. Are we getting more bang for our buck just because the economy has forced us there? That is the question he is asking.

Mr. Rodriguez asked, are you looking at comparing incumbent training versus new-hire training in organizations that provide the same model of training, and if there is a cost difference between them. Mr. Broad said yes, he is looking at whether they are providing the same kind of training.

Mr. Duscha said it is good to look at these issues. He said he believes that when you look at them very closely and compare ETP to the rest of the training world, you will likely find first of all that in the WIA world, the cost per person trained in these types of programs is probably double what you are paying. You are capping these programs at around \$5,000 and the rest of the industry gets a lot more and it is even higher in the for-profit world and the world of Pell grants. The other thing that ETP is doing is that you are only paying Mr. Khan and the others if the person gets a job; nobody else is doing that. ETP is much tougher and much cheaper already.

Ms. Roberts said Mr. Duscha was not comparing apples-to-apples because WIA grants are completely different. She said the person is already employed and it is based on other criteria. Mr. Duscha said no, he is comparing the ETP new-hires to the WIA programs where neither trainee is employed at the start of training; this is to get someone a new job.

Mr. Rodriguez said what we are trying to get at is you are correct about WIA and ETP and the deliverables and the requirements, but he believes what the Panel is trying to see is that if you take a program and the program is training in soft skills, then there is not a difference from a program administered by a facility in San Francisco or Sacramento. He said and if the client is an incumbent worker or hard-to-serve or somewhere in between, the Panel is trying to determine if there is a way to compare the cost-per-trainee. In other words, are there trends and differences that could affect policy choices?

Mr. Duscha said there are certainly great differences between training an incumbent employee and a new employee. There is no question about that; they are totally different businesses but you are paying the same amount per hour to train. Mr. Broad said correct, that is precisely the

question. He said when you look at a more generic curriculum and it says accounting software on computer skills and then you look at a curriculum that is an incumbent worker and it is the same thing, accounting software. It is literally the same subject you are training on, so what I want to know is are we paying 50 cents here and \$1.00 over here for exactly that increment when you back out of everything else, because it seems to me that intuitively it ought to be pretty close, but maybe there is some reason it is not. Are we for example doing a lot more hours of that basic generic accounting software training in a new-hire than we would be in an incumbent worker, because an incumbent worker already knows more? I don't know, perhaps the incumbent already knows more about the particular employer and therefore doesn't need as much actual training? He said he wants to be sure we are literally comparing apples-to-apples in the same training entity. If Mr. Khan gets a contract to work for a particular company and takes this curriculum over to them, would it be more hours or fewer hours.

Mr. Duscha said in that situation he is training someone who has skills in that area to begin with. So yes, of course it would be fewer hours. Mr. Rodriguez said but keep in mind that many times we do not know for example, if a program is training new-hires and there is already a wrap-around of services such as CalWORKS or the programs we see for dislocated workers. So the employer who is benefitting from the ETP program, those are the items we are not capturing.

Mr. McMahon said but we certainly would not be paying for similar training through two sources of public funding, so one thing you can be assured of, Mr. Rodriguez, is that it does not occur in the program. One of the other differences relative to new-hire training, is they get more reimbursement per hour of training delivered, and that was all part of ETP's policy around new-hire projects to recognize the inherent difficulty and risk associated with those types of proposals.

Mr. Broad said, so basically our policy is to compensate higher because the risk is higher, but the service delivered may be the same. Mr. McMahon said it could be. Mr. Broad said so perhaps we need ultimately to revisit the policy. In other words, I do not know if that is that the best way to encourage training entities to take the risk of new-hires. Mr. McMahon said that is part of the discussion we had internally with staff in looking at moving up the reimbursement per hour for training for new-hires. We were recognizing that it was becoming increasingly difficult to place new-hires with employers and that we wanted to continue to see a flow of new-hire projects. So we tweaked the policy to hopefully create a mitigation to the risk that some of these new-hire training entities we are taking on. Mr. Broad said that is an important question and maybe we need to have a further discussion of this with Panel members, something we have not done in a while, in a seminar or workshop setting to discuss these types of policy questions. He believes this is the Vice Chair's point, that in tough economic times, simply raising the amount of dollars may get people trained in something where there is a lower possibility that there will be a job out there, and therefore it may be better to require that there be a much clearer connection to a job before we approve the training so that they earn more of the money but get paid less per trainee so that we are also incentivizing a higher success rate. He said he believes there are Panel members that have never participated in a policy discussion of that sort, of what we ought to be doing, and maybe at some point that needs to come up so that other Panel members can provide input. He said he has been on the Panel for quite some time but many of the Panel members are relatively new and have not had the benefit of that discussion and are walking into established policies which they may wish to rethink.

Southern California Roofers and Waterproofers Joint Apprenticeship and Training Fund

Mr. Aguilar presented a Proposal for Southern California Roofers and Waterproofers Joint Apprenticeship and Training Fund (Roofers JATC), in the amount of \$335,268. The Roofers JATC is a joint labor-management committee representing the roofing and waterproofing industry throughout Southern California. Headquartered in Pomona, it operates four training centers in Pomona, Downey, Mission Hills, and Riverside that are responsible for providing training for 500 apprentices and 800 journeyman workers. The workers are employed by roofing and waterproofing contractors that serve school districts, governmental agencies, community-based organizations, military bases, and private and public sectors.

Mr. Aguilar introduced Guadalupe Corral, Coordinator.

Mr. Broad said their previous proposal was not very successful and the Panel received an explanation for it. He said it appears that when it is all said and done, they may earn up to 71% which is not too bad. He said it states in the ETP-130 that they believe they can do much better this time around and asked how they plan to do so. Mr. Corral said at the JATC with the apprentices or journeymen, it is an earn as you learn program. When they first began with the prior ETP contract they did the opposite; they learned and then they earned. He said they began addressing this concept in different areas during the two-year contract. As soon as they started getting more journeymen upgrade classes, it worked out better. They began with the solar training and the solar training was the best. He said they did not finish training all of their journeymen in solar training. They did not even get to train in the green technology or renewable technology that contractors want. He said since the contractors have different employers, they require different waterproofing and roofing weatherization training.

He said in this new contract, the curriculum is expanded to accommodate the contractors to include areas that will help them be more employable and ensure that their journeymen are kept working. He said they have a roofing contractor now that is working on approximately 10,000 square feet of roofing and installing solar panels. He said they are helping install, waterproof, or roof the solar panel units in Riverside County and that there are more of those projects ahead from the Inland Empire down to Imperial County. He said there is a strong need to train in solar panel installation and some of their contractors are also implementing new modifications with vegetation roofing and that is where the training is going to increase.

Mr. Broad said the plant identification which they never had to do before in roofing is really green. He said he appreciated the representative's explanation and said he believes that they likely learned some valuable lessons and all told, we see people do much worse than 71% in these circumstances.

Ms. Roberts said they have a very low average cost per trainee at \$834 versus \$5,000. She said they actually have people with jobs and skilled jobs that are needed here in CA, so this is a good contract.

ACTION: Ms. Roberts moved and Mr. Rodriguez seconded approval of the Proposal for Roofers JATC in the amount of \$335,268.

Motion carried, 6 – 0.

Northern California Construction & Training, Inc.

Ms. Hernandez presented a Proposal for Northern California Construction & Training, Inc. (NCCT), in the amount of \$249,600. NCCT is a building trade's pre-apprenticeship program that helps prepare individuals for entry into a variety of construction trades apprenticeship programs. Founded in 1996, NCCT is a non-profit community-based organization that has been engaged in providing employment training and pre-apprenticeship programs for 15 years in Sacramento, San Joaquin, and Yolo Counties.

Ms. Hernandez introduced Bill Meehan, Executive Director and Jake Meehan, Vice President.

Ms. Roberts said Mr. Meehan was very passionate about the program and that hopefully his son Jake will be just as effective and passionate about the program.

ACTION: Ms. Fernandez moved and Mr. Rendon seconded approval of the Proposal for NCCT in the amount of \$249,600.

Motion carried, 6 – 0.

X. PUBLIC COMMENTS

There were no public comments.

XI. PUBLIC MEETING ADJOURNS

ACTION: Mr. Rendon moved and Ms. Montoya seconded meeting adjournment at 12:21 p.m.

Motion carried, 6 – 0.