



EMPLOYMENT TRAINING PANEL

PUBLIC MEETING NOTICE

PUBLIC PANEL MEETING

DATE: July 25, 2002 (Thursday)
TIME: 9:30 a.m.
PLACE: Hyatt Regency Islandia Hotel
San Diego, California

(See enclosed notice for specific address)

PUBLIC PANEL MEETING

TIME: 9:30 a.m.
PLACE: Hyatt Regency Islandia Hotel
Islands Room
1441 Quivira Road
San Diego, California 92109-7898
(619) 224-1234
(619) 221-4841 FAX

9:30 a.m.	Call to Order Roll Call Approval of Agenda Approval of Minutes	Marsha Kwalwasser, Chairperson
9:35 a.m.	Reports of the Chairperson/Panel Members	
9:45 a.m.	Report of the Executive Director	Peter McNamee
10:00 a.m.	Report of the General Counsel	Peter DeMauro
10:15 a.m.	Review and Action on Agreements and Amendments	Charles Rufo Creighton Chan Ron Tagami Diana Torres
12:00 Noon	Lunch Session Labor Agency Update	Michael E. Alpert, Chairman James Mayer, Executive Director Little Hoover Commission

REVIEW AND ACTION

Following are lists of Proposed Agreements, Final Agreements, One-Step Agreements and Amendments that may be considered by the Panel on July 25, 2002. Staff will notify prospective Contractors regarding which specific projects will be presented or if any project listed below will not be presented.

PROPOSED AGREEMENTS FOR A MULTIPLE-EMPLOYER CONTRACTOR

SAN DIEGO FIELD OFFICE

California State University, Long Beach, Center for Career Studies
E-Gate College Incorporated

PROPOSED AGREEMENT FOR A SINGLE EMPLOYER

SAN MATEO

ABC Security Service, Inc.

AGREEMENTS/AMENDMENTS FOR A MULTIPLE-EMPLOYER CONTRACTOR

SACRAMENTO FIELD OFFICE

Goodwill Industries of San Joaquin Valley (SET) (Amendment)

SAN MATEO FIELD OFFICE

Alameda Computer Center, Incorporated (Amendment)
The Alameda County Electrical Industry Apprenticeship and Training
Trust (SET)

SPECIAL EMPLOYMENT TRAINING (SET) PROJECTS

SAN MATEO FIELD OFFICE

California Water Service Company

SAN DIEGO FIELD OFFICE

SYSCO Food Services of San Diego, Incorporated

REVIEW AND ACTION

AGREEMENTS/AMENDMENTS WITH A SINGLE EMPLOYER

SAN MATEO FIELD OFFICE

Autodesk, Incorporated

NORTH HOLLYWOOD FIELD OFFICE

**Advanced Cardiovascular Systems, Incorporated, d.b.a. Guidant
Vascular Intervention
Affiliated Computer Services, Incorporated**

SAN DIEGO FIELD OFFICE

**Diversa Corporation
Eaton Aerospace Cockpit Controls**

AGREEMENTS/AMENDMENTS USUALLY APPROVED BY THE EXECUTIVE DIRECTOR

SACRAMENTO FIELD OFFICE

Polycomp Administrative Services, Incorporated

SAN MATEO FIELD OFFICE

**Niebaum-Coppola Estate Winery
Premier Retail Networks**

NORTH HOLLYWOOD FIELD OFFICE

**Coating Specialties, Incorporated d.b.a. Aero Products Company
Hannibal Industries, Incorporated
F & P Incorporated d.b.a. Howe Marketing Group
Loews Santa Monica Beach Hotel
Union Technology Corporation**

**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**

Hyatt Regency Islandia Hotel
1441 Quivira Road
San Diego, California
July 25, 2002

PANEL MEMBERS

Marsha Kwalwasser
Chairperson

Aram Hodess
Vice Chair

Barry Broad
Member

Joan Dean
Member

Tyrone Freeman
Member

Robert Lennox
Member

Tom Rankin
Member

Executive Staff

Peter McNamee
Executive Director

Ada Carrillo
Acting Assistant Director

Peter G. DeMauro
General Counsel

STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING
Hyatt Regency Islandia Hotel
1441 Quivira Road
San Diego, California
July 25, 2002

I. PUBLIC PANEL MEETING CALL TO ORDER

Mr. Hodess, Vice Chair, called the meeting to order at 9:35 a.m. Mr. McNamee welcomed the Panel's new member Joan Dean, Assistant Deputy Secretary, California Technology, Trade and Commerce Agency. Ms. Dean was designated as representative of the California Technology, Trade and Commerce Agency by Lon Hatamiya, Secretary. Mr. McNamee announced there would be an Executive Session immediately following today's 12:00 Noon session.

II. ROLL CALL

Members Present

Marsha Kwalwasser (arrived at 10:10 a.m.)
Aram Hodess, Vice Chair
Joan Dean
Tyrone Freeman
Robert Lennox
Tom Rankin

Members Absent

Barry Broad

Executive Staff Present

Peter McNamee, Executive Director
Ada Carrillo, Acting Assistant Director
Peter DeMauro, General Counsel

III. APPROVAL OF AGENDA

Mr. Hodess stated that the Executive Session would be moved on the Agenda from 3:15 p.m. to immediately follow the Labor Agency Update Report at the Noon session.

ACTION: Mr. Rankin moved and Mr. Lennox seconded the Panel approve the Agenda moving the Executive Session to immediately follow the Noon session regarding the Labor Agency Update.

Motion carried, 5 – 0 (Ms. Kwalwasser absent).

IV. APPROVAL OF MINUTES

ACTION: Mr. Rankin moved and Mr. Freeman seconded the Panel approve the Minutes of June 27, 2002.

Motion carried, 5 – 0 (Ms. Kwalwasser absent).

V. REPORTS OF THE CHAIRPERSON/PANEL MEMBERS

There were no reports.

VI. REPORT OF THE EXECUTIVE DIRECTOR

Mr. McNamee reported that as of this date, the Governor has not signed the State budget. He stated that funding for training projects is conditional upon passage of the budget. Contractors are advised that training would be at the contractors' risk on those contracts approved prior to the budget being signed by the Governor.

Mr. McNamee stated that staff recommends placing a moratorium on structured-on-site training (SOST) until the Panel has an opportunity to review and establish policies. Contracts can subsequently be amended at a later date as appropriate.

Mr. DeMauro's legal advice was not to approve the SOST portion of projects until the Panel has had the opportunity to review the study findings and establish policies.

Mr. Rankin stated that, in many contracts, the SOST is a major portion of the training and the proposal may lose its integrity without the SOST element. Ms. Dean and Mr. Rankin stated that the Panel should postpone all projects that include the SOST element.

Ms. Carrillo mentioned that the proposed contractors present were not aware of the SOST decision, and in all fairness they should be heard. Mr. McNamee said that a contractor does have options for training other than SOST, and it should be up to the contractor to either withdraw the proposed contract or to proceed without the SOST portion.

ACTION: Ms. Dean moved and Mr. Rankin seconded the Panel consider all contracts today, but any SOST component would not be funded.

Contracts that include SOST would be recalculated eliminating the SOST portion.

Motion carried, 5 - 0 (Ms. Kwalwasser absent).

VII. REPORT OF THE GENERAL COUNSEL

Mr. DeMauro asked the Panel to consider approving as a continuing motion the delegation of authority to the Executive Director to approve contracts under \$100,000 when there is no quorum after consultation with the Panel Chair and/or Vice Chair. Mr. Rankin stated that if a Panel member has any issues pertaining to any project included in the group of projects listed under \$100,000, the Panel has the right to individually review any project included in the group.

ACTION: Mr. Rankin moved and Mr. Lennox seconded the Panel approve as a continuing motion to delegate to the Executive Director when there is no quorum the authority to approve contracts under \$100,000 after consultation with the Panel Chair and/or Vice Chair. Any Panel member may specify that any proposed project under \$100,000 be considered by the Panel rather than be approved in this fashion by notifying the Executive Director at or before the Panel meeting.

Motion carried, 6 - 0.

Mr. DeMauro requested the Panel to consider approving delegation to the Executive Director when there is no quorum the authority to approve any contracts after consultation with the Panel Chair or Vice Chair. Mr. Rankin opposed.

VIII. AGREEMENTS AND AMENDMENTS

California State University, Long Beach, Center for Career Studies

Mr. McNamee and Mr. Freeman recused themselves from review, discussion, and action on the California State University, Long Beach, Center for Career Studies, project.

Diana Torres, manager of ETP's San Diego field office, presented a Proposed Agreement for California State University, Long Beach, Center for Career Studies (CSU-CCS), in the amount of \$271,440 to train 15 Certified Nurse Assistants (CNA) to attain skills for positions as Licensed Vocational Nurses (LVN). This project was brought to the attention of the Employment Training Panel through the marketing efforts of the California Technology, Trade and Commerce Agency. The Employment Development Department (EDD) has endorsed this project because it will establish a Career Ladders model for the healthcare industry and provide

workers in low-wage jobs the skills necessary to advance to higher paying jobs with the potential for career advancement opportunities. This project supports the Governor's Nurse Workforce Initiative to address the growing nursing shortage in California.

Mr. Torres stated that the nursing industry has a significantly high turnover rate ranging from 50 to 120 percent. The turnover rate for CNAs ranges between 90 – 100 percent; however, the turnover rate for LVNs is only 20 percent. The proposed training will provide skills to enable employees to move from occupations with a high level of turnover (CNA) to occupations with a significantly lower turnover rate (LVN). The Contractor, therefore, is requesting a waiver to the Panel's turnover rate requirement.

The CSU-CCS does not have the approval from the Board of Licensed Vocational Nursing and Psychiatric Technicians to provide certified training for LVNs, therefore 100 percent of the training is provided by an outside vendor, Pacific College.

Ms. Torres reported that because of the high cost of \$18,096 per trainee, staff recommends that ETP fund a portion of the proposed training and ask the Contractor to seek other funding sources to leverage ETP funding. Staff also questioned whether portions of the occupation of licensed vocational nurse (geriatric) training are apprenticeable occupations.

The CSU-CCS estimates the total participating employer and Contractor in-kind contribution for training and administrative costs not covered by ETP to be between \$157,500 and \$415,000. Participating employers will compensate trainees for four hours per week of training during work hours. The trainees will voluntarily attend 16 hours a week of training on weekends. While employees are in training during work hours, replacement staff will be hired by employers through a registry at a projected cost of \$20 - \$50 per hour.

Ms. Torres introduced Dr. Paul Bott, Director, California State University, Center for Career Studies. Mr. DeMauro reported that Michael Bernick, Director of EDD, had spoken with him stating his concerns regarding the high cost per trainee and suggested that the Contractor seek other sources of funding in addition to ETP funds. Mr. Hodess questioned the success of training when trainees would attend 4 hours of paid training during the workweek and 16 hours would be voluntarily attended on weekends. Dr. Bott stated that CNAs interested in the training program were surveyed and expressed a commitment to the program and interest in Career Ladders. Mr. Hodess stated that if this training is mandatory, there might be a possible violation of labor laws if trainees are not being paid while in training. Dr. Bott stated that CSU-CCS is working on the Workforce Investment Act supportive services funding with the Long Beach Workforce Development Board, and other Workforce Investment Boards in the area to get trainees enrolled in programs that provide support services.

Ms. Kwalwasser was concerned with the high cost of training. Dr. Bott stated CSU-CCS is working with the local Workforce Investment Boards, several hospitals, and other sources, to establish a comprehensive program under the Workforce Initiative, but will take a period of time to develop. Mr. DeMauro questioned why the LVN portion wasn't folded into a solicitation process for funding through the Nursing Initiative, since it has \$18 million available this year for funding. Dr. Bott replied institutions that have an LVN program have a large wait list and the program is a straight LVN program, there are no incumbent workers, and the program is not structured for Career Ladders. Mr. Rankin had concerns with the extremely high cost for training in an industry that has high turnover rates, and no union support letters. Mr. Hodess suggested looking at other options of replacing employees while in training rather than going through the Nurses' Registry that has a high rate. Ms. Kwalwasser was concerned with the high turnover rate and asked if the workers that leave an employer stay within the industry. Dr. Bott stated that statistics show that people do stay within the industry. Panel consensus was to hold this project over to allow the Contractor time to address the Panel's concerns.

E-Gate College, Incorporated

Mr. DeMauro explained to the Panel members the procedure for processing a Proposed Agreement. He stated Proposed Agreements have outstanding issues on which staff requests direction from the Panel. If the Panel approves the Proposed Agreement, staff brings a Final Proposal back to the Panel for consideration.

Ms. Torres presented a Proposed Agreement for E-Gate College, Incorporated, in the amount of \$198,893 to retrain 127 incumbent workers from various participating employers. E-Gate College created a Corporate Training Coordinator position to work closely with each participating contractor to ensure that employer training needs and goals are met. All training would be conducted on-site at participating employer premises. Approval of this Proposed Agreement is contingent upon the approval by the Bureau for Private, Post-Secondary and Vocational Education for the curriculum submitted for this proposal and the submission of a final curriculum.

Ms. Torres introduced Armin Zehtabchi, PhD., President. Ms. Kwalwasser questioned the nature of the curriculum, which appeared to include generic training in computer skills. Dr. Zehtabchi stated that all the training is customized for the participating employers. He stated that the employers request the specific courses. Mr. Rankin had concerns regarding training employees for conflict resolution. Ms. Torres explained that conflict resolution training is directed to team building and Total Quality Management for a high performance workplace. It is not directed to labor/management issues. Mr. Hodess was also concerned that the computer training appeared to be generic and could be provided through community colleges. Mr. Rankin suggested the Contractor confer with head engineers and production managers for input on what type of training is required rather than with a human resources manager.

Ms. Kwalwasser requested the Contractor design the curriculum with each employer and bring back to the Panel a refined curriculum which includes advanced information technology training rather than generic-type computer training, a definition of conflict resolution and negotiating skills, and what type of training would be provided to managers and supervisors.

ABC Security Service, Inc.

Creighton Chan, manager of ETP's San Mateo field office, presented a Proposed Agreement for ABC Security Service, Inc., in the amount of \$1,000,000 to retrain 200 employees. ABC Security Service is the largest minority, woman-owned and managed security service company in the San Francisco Bay Area. Since the events of September 11, federal, state, and local governments have made national security and anti-terrorism training a priority. The Company is requesting that the Panel waive the \$500,000 cap on SET projects because of the intensity of this national security and anti-terrorism training. ABC Security has developed a 500-hour training program comprised of 200 hours of classroom/laboratory training and 300 hours of structured-on-site training (SOST). Based on the recent findings of the SOST study conducted by the California State University at Northridge, staff recommends that the Panel not approve the SOST hours requested in this proposal. If the Panel later implements a policy regarding the use of SOST, the applicant should be given the opportunity to amend its Agreement to include SOST hours consistent with such policy.

Mr. Chan introduced Ana Chretien, President, ABC Security Service, Inc., and Robert Gomez, Consultant, President of Odyssey Ventures Int'l. Mr. McNamee had concerns regarding a part of the process of hiring security guards that involves a temporary guard card, which allows them to work until such time as they are licensed by the Department of Consumer Affairs, Bureau of Security and Investigative Services. He stated that a high number of people fail to meet the standards and subsequently are denied Bureau licensing. Mr. McNamee asked Ms. Chretien if she would consider including a condition to the contract that only those individuals who are fully licensed by the Bureau would be part of this training. He stated that she could actually be putting herself at risk by providing training to individuals holding temporary guard cards and subsequently couldn't be licensed. He stated that the Panel has the responsibility of funding those employees who are considered full time and the training is meant to help ensure stable employment. Ms. Chretien stated that ABC Security Service has the capacity of checking on the eligibility of persons to be licensed. ABC Security only hires those people who have security clearance. Mr. Gomez and Ms. Chretien agreed that ABC Security would include only licensed guards in the ETP funded training. Mr. Gomez stated that ABC Security's turnover rate of 20 percent is low because ABC Security pays higher wages than other security service companies, offers benefits and profit sharing, provides training, and guards are assigned permanent posts. Mr. Chan and

Mr. Gomez stated that ABC Security Service would be increasing trainee wages by 5 percent following training and retention period.

Mr. Hodess was concerned with a statement, included in a recent memo addressed to Mr. Chan from Mr. Gomez, that ETP could be putting guards at risk if no on-the-job training is provided. The last paragraph of the memo reads: "The bottom line is that we can't teach security guards just in classrooms. How will we rehearse evacuation procedures, multi-tasking in security sensitive posts, talking down hostile clients and situations? So when one of ABC Security guards loses their life, or we have a major catastrophe, you can explain ETP rules and regulations to their families."

Mr. Hodess stated that the Panel would not be funding the 300 hours of SOST and asked Mr. Gomez, since SOST is regarded by the contractor as critical, how ABC is planning to provide those SOST hours. Mr. Hodess suggested this proposal be tabled until the Panel establishes a policy regarding SOST. He stated that, according to Mr. Gomez' comments, training without SOST would apparently be inadequate and risk somebody's life. Therefore, Mr. Hodess did not feel the Panel could responsibly fund this project at this time. Mr. Hodess requested the Contractor write a letter to the Panel clarifying the adequacy of 200 hours of training for the safety of the public and workers.

ACTION: Mr. Hodess moved and Mr. Rankin seconded the Panel table ABC Security Service, Inc.'s, Proposed Agreement.

Motion carried, 5 – 1 (Ms. Kwalwasser opposed).

IX. LABOR AGENCY UPDATE

Mr. McNamee introduced Michael Alpert, Chairman of the Little Hoover Commission, and Jim Meyer, Executive Director. Mr. Alpert is a retired member of the Gibson, Dunn, and Crutcher Law Firm, and a former Chief Deputy Commissioner for the California Department of Corporations. Mr. Meyer was an editor of the Sacramento Bee and has worked for newspapers in the Bakersfield area.

Mr. Meyer stated that the Little Hoover Commission is a State agency similar in basic structure to ETP. Part of the Commission's independence is defined by its ability to review any aspect of the State executive branch and present its recommendations to the Governor and the Legislature. The Commission has a statutory obligation to timely review specific issues when the Governor proposes changes to the structure of the executive branch of the government.

Mr. Meyer said that the Little Hoover Commission had 60 days to establish recommendations on the creation of the Labor and Workforce Development Agency. The Agency consists of the Workforce Investment Board, Agricultural Labor Relations Board, Unemployment Insurance Appeals Board, Department of Industrial Relations (DIR), Employment Development Department (EDD), and the Employment

Training Panel (ETP). The Commission sent its recommendations on how to implement the reorganization plan to the Legislature and, since there was no opposition, on July 2 the plan that was submitted to the Legislature went into effect. The Commission focused its comments and recommendations on three policy areas: the workforce development, workplace enforcement, and research and data collection.

Mr. Meyer stated that the Governor appointed former Senator Patrick Johnston to head up a taskforce to develop policies and a work plan for the workforce development. The taskforce will review structural changes, funding mechanisms, incentives, continuous improvement toward aligning goals, and performance measures.

Mr. Meyer stated that there is some concern among legislative members as well as public members about the impacts of moving the EDD portion of job training into the new agency, but not moving the CalWorks portion that is in the Department of Social Services.

Mr. Meyer said there is a Joint Enforcement Strike Taskforce working on coordinating the enforcement activities of EDD and DIR. Hopefully, the new Labor Agency will provide an opportunity for EDD and DIR to develop a strategic plan on sharing resources, sharing data, and targeting the people who are already working together addressing the underground economy. Mr. Meyer stated that the largest barrier is that it is unclear how the new Agency will bring about improvement without adding additional resources.

Mr. Meyer stated the third area of concern for development was research and data collection. He stated that there are two major barriers, one is a technical barrier about sharing information and the other is a legal barrier. The new Agency may want to set up a specific task force charged with identifying the legal and the technical issues. The new Agency could possibly be a facilitator for creating one location within the State where workforce-related information could be obtained.

Mr. Alpert added that the Commission had very little detail for the reorganization plan. The Commission focused on workforce development rather than the economic development. He stated the most fundamental issue was the necessity for leadership. The Secretary of Labor is facilitating this development. A goal of the new Agency is to see money spent better with more product and more results.

Ms. Kwalwasser stated that ETP envisions itself as independent and yet part of a larger effort to help push the mandate, and asked what ETP could contribute to this new agency in terms of ETP's position and uniqueness. She asked what was the last reorganization of a similar magnitude. Mr. Meyer answered the Environmental Protection Agency was the most recent agency created by the State, and that was created at the beginning of the Wilson years. The Commission had recommended a number of reorganization plans that were much smaller, such as placing the State

Fire Marshall in the Department of Forestry and Fire Protection, and making the State Police part of the California Highway Patrol.

Mr. Meyer stated that one of the Panel's core concerns will be how ETP will relate to this new Agency. He stated one of the real challenges for the Agency is how is it going to relate to other players who are outside of the Agency.

Mr. McNamee commented that ETP has been extremely successful since it is performance based and only pays for successful outcomes. ETP has commissioned regular studies to report on the impact of training of California's economy. He stated the new Labor Agency would offer the infrastructure that will provide the opportunity to look at how to strategically invest in the workforce in order to produce outstanding outcomes.

X. EXECUTIVE SESSION

The Panel recessed to convene in an Executive Session for the purpose of discussing personnel and litigation matters, pursuant to Government Code Sections 11126(a) and 11126(q) respectively.

The Panel meeting reconvened at 1:30 p.m. Ms. Kwalwasser announced that the Panel had met in Executive Session regarding a personnel matter connected to a Governmental Code violation.

XI. AGREEMENTS AND AMENDMENTS CONTINUED

Loews Santa Monica Beach Hotel (Presented out of order)

Mr. Tagami presented a One-Step Agreement for Loews Santa Monica Beach Hotel in the amount of \$71,760. Loews Santa Monica Beach Hotel meets the out-of-state competition definition by qualifying as a destination resort. The Hotel is requesting funds to retrain 110 employees, 30 of whom are either supervisors or management staff. Training will be in Business Skills, Continuous Improvement, Management Skills, Computer Skills, and Literacy Skills. There is no SOST in this proposal.

Loews Santa Monica has been the subject of several charges filed with the National Labor Relations Board (NLRB) by employees. Although charges were filed by Hotel employees, there has been no NLRB finding of wrongdoing. Many of the charges and claims have been dismissed. There was one settlement reached with the Department of Justice over a demand for a current work authorization document that should not have been requested by the Hotel; the damage to the employee in that matter amounted to two days wages and approximately \$60 in lost tips. The settlement, which did not contain an acknowledgment of wrongdoing, also required payment of a fine to the US Government of \$12,000 and an agreement by the Hotel

to require Human Resources personnel to watch an immigration documentation video. Other settlements have required posting of notices, with no fines assessed. There is a current disagreement between the hotel and the Hotel Employees and Restaurant Employees Union as to how to determine whether employees want to be represented or not.

Mr. Tagami introduced Beth-el Klein, Director of Human Resources, and John Thacker, Vice President. Mr. Rankin had concerns regarding the labor problems the Hotel has been experiencing. Mr. Rankin asked how many managers and supervisors are included in this training project and why they are not listed in high performance workplace training projects. Mr. DeMauro explained that the Panel adopted the regulation on high performance training on the theory that there may be occasions that more managers may need to be trained as a "core" group that will subsequently train the balance of the workforce. Mr. Rankin stated that ETP funds should not be used for training labor negotiations, advanced employee relations, and team problem solving processes. Mr. Lennox had concerns regarding the current union organizing activity and the concept of using public funds to subsidize a program of team building as a vehicle to defeat employees' attempts to unionize the workforce.

Ms. Kwalwasser introduced Paulina Gonzales, Senior Research Analyst, Hotel Employees Union, and Rosa Osorto, a Loews Hotel Housekeeper. Ms. Gonzales stated that there is an active union organizing drive at the Hotel. She stated that even though the NLRB did not find any wrong doing by the Hotel, the Board allowed the Hotel to settle complaints before judgments could be issued. Ms. Gonzales stated that there are two pending charges at the California Department of Labor for the Hotel allegedly not allowing workers to take breaks. Ms. Gonzales translated Ms. Osorto's statements, which were in Spanish.

Mr. Hodess was concerned with the conflicts between management and labor. Mr. Hodess questioned the use of tips to meet the ETP minimum hourly wage rate. Mr. Thacker replied that a banquet server earns approximately \$18 - 19 per hour, which includes a "banquet service charge." Mr. Thacker explained that a banquet service charge is contractual and non-discretionary and is not considered a gratuity. Mr. Freeman asked what the difference was between tips and service charges. Mr. Thacker replied that the service charge is a flat rate of 19 percent on the balance of a bill. Mr. Freeman stated that the wages shown are depicting the best-case scenario and not a constant wage range. He was concerned with those workers who would be in training and would not have the opportunity to be assigned to a banquet and, therefore, would not meet the ETP minimum wage requirement. Mr. Freeman stated that service fees should be eliminated from meeting the wage requirement. Ms. Carrillo stated that the service fees should not have been allowed to be included as part of the wage range and staff will revise the contract eliminating those fees. Mr. Freeman was concerned that the wages for staff in the food services, catering, and housekeeping would be below the ETP minimum wage

requirement. Mr. McNamee requested clarification on service charges and if they should be included in the wage calculation.

Mr. Hodess asked the Contractor if the Contract could be amended to include that the Contract would be invalid if the NLRB sustains an unfair labor practice against the Hotel. Mr. Thacker agreed.

Ms. Kwalwasser requested adding an additional amendment that the Contract includes funding only for workers who do not have a service charge added to their base wages to meet the ETP minimum wage requirement.

ACTION: Ms. Dean moved and Ms. Kwalwasser seconded that the Panel approve the One-Step Agreement with the contingency that the Contract would be invalid if the NLRB sustains an unfair labor practice against the Hotel, and funding only those workers who meet the ETP minimum wage requirement without the inclusion of service charges.

Motion did not pass, 3 – 3 (Roll Call Vote: Mr. Hodess – aye; Mr. Freeman – no; Mr. Lennox – no; Mr. Rankin – no; Ms. Dean – aye; Ms. Kwalwasser – aye).

Mr. DeMauro summarized the concerns of the Panel: 1) lack of a good management/labor environment; 2) curriculum problems regarding the team concept being used to perhaps circumvent labor/union activities; 3) high level of managers being trained; 4) wage range and designation of service charge; and 5) turnover rate at maximum of 20 percent. Mr. McNamee requested staff to research service charges and present recommendations to the Panel for policy consideration.

XII. APPROVAL OF PROJECTS FOR LESS THAN \$100,000

ACTION: A continuing motion made previously by the Panel gave the Executive Director the authority to approve projects that are less than \$100,000. The following projects are less than \$100,000 and will be approved with the exception of any SOST component:

- Polycomp Administrative Services, Incorporated
- Niebaum-Coppola Estate Winery
- Premier Retail Networks
- Coating Specialties, Incorporated d.b.a. Aero Products Company
- Hannibal Industries, Incorporated
- F & P Incorporated d.b.a. Howe Marketing Group
- Union Technology Corporation

Goodwill Industries of San Joaquin Valley

Charles Rufo, manager of ETP's Sacramento field office presented an Amendment for Goodwill Industries of San Joaquin Valley requesting reduction of the required work hours per week from 35 to 30 hours for 30 trainees of the 83 trainees currently in the proposal. The Contractor's request is based on continued efforts to place individuals with barriers to employment in high unemployment counties with a slow economic recovery. There will be no impact on the Agreement. Ms. Kwalwasser asked about the minimum number of hours per week an employee could work per week and still meet ETP's regulation. Ms. Carrillo stated the Panel's Regulation 4400(h) states an employee can work 25 hours a week provided that within a twelve-month period the employee will be brought back to full time employment status.

Mr. Rufo introduced William Carmichael, Director of Career Services.

ACTION: Mr. Rankin moved and Mr. Freeman seconded the Panel approve the Amendment.

Motion carried, 6 – 0.

Alameda Computer Center, Incorporated

Mr. Chan presented an Amendment for Alameda Computer Center, Inc., in the amount of \$242,580. The Contractor anticipates a 100 percent completion rate on the original new hire Agreement before the end term date of the Agreement. Because of the successful project, Alameda Computer Center is requesting the training and placement of an additional 40 new-hire trainees. All new-hire trainees are unemployed persons who are qualified to receive unemployment insurance benefits, who are currently receiving benefits, or who have exhausted benefits in the two years prior to their start of training.

Training related expenses not covered under the ETP Agreement are estimated to be \$105,466.50 from Alameda Computer Center and \$25,466.50 from the participating employers.

Mr. Chan introduced Norris Moore, Director of Recruitment and Admissions, and Joanna Wilson Moore, Executive Director.

ACTION: Mr. Rankin moved and Mr. Lennox seconded the Panel approve the Amendment.

Motion carried, 6 - 0.

The Alameda County Electrical Industry Apprenticeship and Training Trust

Mr. Chan presented a One-Step Agreement for The Alameda County Electrical Industry Apprenticeship and Training Trust in the amount of \$205,720 to train 235 journey level electricians working in Alameda, San Joaquin, and Calaveras counties. This proposal is supported by the International Brotherhood of Electrical Workers, AFL-CIO, Local Union 595, which represents over 1,700 electricians who work in Alameda, San Joaquin, and Calaveras counties.

Mr. Chan introduced Mel Switzer, Training Director for Alameda County Electrical Joint Apprenticeship and Training Committee; Victor Uno, Business Manager/Financial Secretary for the International Brotherhood of Electrical Workers, Local No. 595; and Peter Marana, Executive Director of the Northern California Chapter of the National Electrical Contractors Association. Ms. Kwalwasser questioned pre-apprenticeship type training. Mr. Switzer stated this Agreement includes 21 core employers through the National Electrical Contractors Association and others training journeymen only in this program. Mr. Chan stated the majority of these employers employ fewer than 100 people. Mr. Hodess stated that the Panel had adopted a regulation that required people getting upgrade training either to have completed an apprenticeship program or to have obtained an equivalent number of hours working in the field to qualify for upgrade training for journeymen. Mr. Rankin said this training would be considered post-apprenticeship training.

ACTION: Mr. Rankin moved and Mr. Freeman seconded the Panel approve the One-Step Agreement.

Motion carried, 6 - 0.

California Water Service Company

Mr. Chan presented a One-Step Agreement for California Water Service Company in the amount of \$967,512 to retrain 618 frontline workers including customer service staff, clerks, operations staff, utility/maintenance workers, administrative assistants, analysts, and information technology staff. The project was brought to the Panel's attention through the marketing efforts of the California Manufacturing and Technology Association. The California Water Service Company is an investor-owned water utility company that owns and manages water deliver systems throughout California.

Mr. Chan introduced Marty Garton, President, and Christine McFarlane, Vice President, Human Resources; and Bernardo Garcia, Region Director of Utility Workers Union of America

ACTION: Mr. Lennox moved and Mr. Freeman seconded the Panel approve the One-Step Agreement.

Motion carried, 6 - 0.

Autodesk, Incorporated (Presented out of order)

Mr. Chan presented a One-Step Agreement for Autodesk, Inc., in the amount of \$256,366. This is the third project between Autodesk and ETP and, therefore, a substantial contribution of 30 percent has been applied to this contract. Mr. Chan explained to Panel members that when a contractor requests a third contract, and previous contracts total \$250,000 or more, a substantial contribution of 30 percent is imposed. The total program cost for this proposal amounts to \$366,340. The Contractor must pay \$109,974 leaving a balance of \$256,366 to be funded by ETP. This project proposes to train 500 current employees to write software programs in new languages and develop new software programs to support wireless technology.

Mr. Chan introduced Barbara Straw, Technical Training Manager. Mr. Hodess questioned the in-kind contribution of \$400,000 that includes, in addition to other training related expenses, extra training costs for provision of companion SOST training. Mr. Hodess stated that the Panel is not funding SOST training. Ms. Straw assured the Panel there is no SOST training in this proposal.

ACTION: Mr. Rankin moved and Mr. Lennox seconded the Panel approve the One-Step Agreement.

Motion carried, 6 - 0.

SYSCO Food Services of San Diego, Incorporated

Ms. Torres presented a One-Step Agreement for SYSCO Food Services of San Diego, Inc., in the amount of \$185,562. The Contractor removed the SOST from the original proposal thus reducing the amount by \$44,064. This is the second project for SYSCO Food Services of San Diego, Inc. Following the events of September 11, hotel and resort vacancy rates skyrocketed in the San Diego area and SYSCO sales immediately plummeted by 30 percent. The tragic events forced the Company to redefine its strategic goals and reevaluate its relationships with customers. The Company proposes to retrain 329 frontline workers in Computer Skills and Business Skills. Ms. Torres stated that the Contractor is requesting a waiver to the minimum 40-hours training requirement in some of the Job numbers, which will have only 16 hours of training due to the deletion of SOST. If the Panel later implements a policy regarding the use of SOST, the applicant should be given the opportunity to amend its Agreement to include SOST hours consistent with such policy.

Kathleen Herrera, Vice President, Employee Relations, and John Hyder, Senior Manager of Operational Development with SYSCO Food Services of San Diego; and Brian Cook, Teamsters Local 683, were present.

ACTION: Mr. Rankin moved and Mr. Lennox seconded the Panel approve the One-Step Agreement without the SOST portion.

Motion carried, 6 – 0.

Advanced Cardiovascular Systems, Incorporated, d.b.a. Guidant Vascular Intervention

Ron Tagami, manager of ETP's North Hollywood field office, presented a One-Step Agreement for Advanced Cardiovascular Systems, Incorporated, d.b.a. Guidant Vascular Intervention in the amount of \$1,053,260 to retrain 1,349 workers in Continuous Improvement, Manufacturing Skills, and Management Skills. There are no SOST hours in this proposal. Guidant Vascular Intervention develops, manufactures, and markets devices that treat cardiac and vascular diseases.

Mr. Tagami introduced John Lapke, Vice President, Kevin Smith, Senior Training Associate, and Kathy Kaya.

ACTION: Mr. Freeman moved and Mr. Rankin seconded the Panel approve the One-Step Agreement.

Motion carried, 6 – 0.

Affiliated Computer Services, Incorporated

Mr. Tagami presented a One-Step Agreement for Affiliated Computer Services (ACS), Inc., in the amount of \$138,060 to retrain 330 employees in Management Skills and Computer Skills. ACS is changing from an outdated VAX terminal to a web-based personal computer system. The Company has invested over \$1,000,000 in hardware. Without 16 hours of SOST, the Contract is being reduced by \$38,400 from and original amount of \$176,460. Some of the job numbers in this proposal will not meet the total minimum training hours requirement of 40 hours. Staff requests that the Panel allow the training that varies from the 40-hour minimum requirement and not approve the SOST hours requested. If the Panel later implements a policy regarding the use of SOST, the applicant should be given the opportunity to amend its Agreement to include SOST hours consistent with such policy.

Mr. Tagami stated that Susan Richberg, Vice President, had to leave because of an emergency and she understood that AFC would have to forego the SOST component.

ACTION: Mr. Lennox moved and Ms. Dean seconded the Panel approve the One-Step Agreement without the SOST portion.

Motion carried, 6 – 0.

Diversa Corporation

Ms. Torres presented a One-Step Agreement for Diversa Corporation in the amount of \$179,381, which is \$9,040 less than the original request of \$188,421 because of the elimination of SOST. The Contractor is requesting a waiver to the minimum 40-hours training requirement. If the Panel later implements a policy regarding the use of SOST, the applicant should be given the opportunity to amend its Agreement to include SOST hours.

Ms. Torres introduced Janice Delperdang, Director of Human Resources.

ACTION: Ms. Dean moved and Mr. Freeman seconded the Panel approve the One-Step Agreement without the SOST portion.

Motion carried, 6 – 0.

Eaton Aerospace Cockpit Controls

Ms. Torres presented a One-Step Agreement for Eaton Aerospace Cockpit Controls in the amount of \$238,680. There is no SOST in this proposal. Eaton Aerospace is an industrially classified manufacturer of highly engineered products for commercial and military aircraft. Following the events of September 11, most airlines reduced their schedules, which resulted in a reduction of orders for new planes and replacement of many existing planes in storage. The substantial decrease in sales is threatening the jobs of Eaton's employees. Eaton's goal is to regain its competitive edge and enhance its market position by taking business from its out of state competitors and exceeding customer expectations by implementing several strategic company improvements. To facilitate the cultural change, the Cockpit Controls' Division recently completed an extensive employee training needs assessment. The Company plans to train 140 employees in Business Skills, Computer Skills, Continuous Improvement, Manufacturing Skills, and Management Skills. Company representatives have certified that the Company will invest \$357,160 for wages paid to trainees during training. Ms. Torres stated there are only nine managers/supervisors included in this training.

Ms. Torres introduced James Chung, Manufacturing Manager, and David Krebs, Human Resources Manager. Mr. Chung explained that the Company had previously invested in training its employees in the basic computer skills, and is now requesting funding for the more advanced skills.

ACTION: Mr. Rankin moved and Ms. Dean seconded the Panel approve the One-Step Agreement.

Motion carried, 6 – 0.

XIII. PARTICIPATION OF MANAGERS AND SUPERVISORS IN ETP TRAINING

Mr. DeMauro reviewed the background and options regarding ETP's current regulatory limitation of 40 percent for training managers and supervisors. He recommended this issue be brought back to the Panel at a future meeting for further discussion.

Mr. DeMauro stated that in order to assess the most current level of ETP-funded training for managers and supervisors, staff reviewed data from contracts approved over the past two fiscal years. Staff reviewed 500 contracts and 53 percent of those contracts included training for managers/supervisors. Staff's review of the data indicated that almost 80 percent of all trainees were frontline workers and the training of managers has primarily been to support a company's transition to a high performance workplace.

Mr. DeMauro presented four options for the Panel to consider:

- 1) Maintain the current 40 percent cap on training for managers/supervisors and the current exemptions for high performance workplace training, very small businesses, and SET: Given the available data, it does not appear that employers are training a high percentage of managers in relation to frontline workers. Projects with the highest percentage of managers (above 20 percent) were primarily high performance workplace projects where manager participation is critical to the success of the training.
- 2) Reduce the 40 percent cap to 25 percent – and maintain the exemptions for high performance work place training, very small businesses, and SET: Reducing the percentage of managers who can be trained per project would only nominally place greater emphasis on the training of frontline workers. However, reducing the limit to 25 percent does not appear necessary because: (1) ETP is currently effectively serving frontline workers (approximately 80 percent of all trainees are frontline workers), and (2) projects with training for managers (excluding high performance workplace, SET, and small business) typically train no more than 20 percent managers.
- 3) Reduce the 40 percent cap to 25 percent – and provide no exemptions for high performance work place, small business, or SET: Reducing the percentage of managers that can be trained in all projects to 25 percent would have little impact on most projects. Most projects that include training for managers (excluding high performance workplace projects) train less than 20 percent managers (17 percent, on average). This option would, however, significantly impact high performance workplace projects. The Panel's ability to serve employers transitioning to a high performance workplace would

be severely limited as these projects typically: (1) train more than 25 percent managers; and (2) train the highest percentage of managers (over 40 percent).

- 4) Prohibit the training of all managers/supervisors: This option would restrict the Panel's overall ability to meet business' need for trained workers, given that approximately one-half of all projects include some training for managers and supervisors (reflecting employers' need for such training). This option would also greatly limit ETP's ability to serve: (1) employers transitioning to a high performance workplace; (2) very small businesses; and, (3) employers who are difficult to serve under the Panel's regular funding criteria.

Mr. Rankin requested additional consideration be given to the kind of training managers and supervisors are provided. Ms. Kwalwasser asked if the Panel has a policy on curriculum. She questioned the job descriptions in certain industries. Ms. Carrillo stated that job descriptions are must meet the definition of a frontline worker otherwise they are considered managers/supervisors.

An assessment addressing the above issues will be brought back to the Panel at a future meeting.

XIV. PUBLIC COMMENT

Steve Duscha, Alliance for ETP, requested the public be allowed to comment on issues prior to the Panel making any policy decisions. Mr. DeMauro stated that ETP has had a variety of formats for public input. Mr. McNamee stated that the Panel has made it a practice of requesting and allowing public comment and input. Mr. Duscha asked that the Panel allow enough time for the public to submit comments.

XV. ADJOURN

There being no further business and no objection, the meeting was adjourned at 3:55 p.m.