

STATE OF CALIFORNIA

DEPARTMENT OF CORRECTIONS AND REHABILITATION

PRISON INDUSTRY BOARD

PUBLIC MEETING

FRIDAY, APRIL 27, 2012

THE BOARD OF PAROLE HEARINGS

1515 K STREET

SACRAMENTO, CALIFORNIA

REPORTED BY:

ESTHER F. SCHWARTZ
CSR NO. 1564

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ATTENDEES

BOARD MEMBERS:

- MATTHEW CATE, CHAIR
- ESTEBAN ALMANZA
- GEORGE CHAPJIAN (Telephonically)
- WILLIAM DAVIDSON
- CURTIS KELLY
- KIRA MASTELLER (Telephonically)
- BRUCE SAITO (Telephonically)
- DARSHAN SINGH
- MICHELE STEEB
- RAY TRUJILLO
- JEANNE WOODFORD

STAFF:

- CHARLES L. PATTILLO, EXECUTIVE OFFICER
- SCOTT WALKER
- ERIC RESLOCK
- MARISELA MONTES
- CARLA YOUNG
- BEN WALD
- PHYLLIS GUARE

COUNSEL:

- JEFF SLY

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ATTENDEES (CONT.)

CDCR STAFF:

KATHLEEN ALLISON

DGS STAFF:

FRAN ARCHULETTA

MATT BENDER

SPEAKERS FOR ITEM 5D:

MARK NOBILI

STEVEN GUY

ADAM LOVEALL

BRETT NELSON

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Sacramento, California

Friday, April 27, 2011, 12:10 P.M.

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CHAIR CATE: Call this meeting of the
Prison Industry Boar to order. Why don't we begin
by asking the Board secretary to call the roll.

MS. GUARE: Good morning, everybody.
Member Almanza.

MEMBER ALMANZA: Here.

MS. GUARE: Member Chapjian.

MEMBER CHAPJIAN: Here.

MS. GUARE: Member Davidson.

MEMBER DAVIDSON: Here.

MS. GUARE: Member Kelly.

MEMBER KELLY: Here.

MS. GUARE: Member Masteller.

MEMBER MASTELLER: Here.

MS. GUARE: Member Saito.

MEMBER SAITO: Here.

MS. GUARE: Member Singh.

MEMBER SINGH: Here.

MS. GUARE: Member Steeb.

MEMBER STEEB: Here.

MS. GUARE: Member Trujillo.

MEMBER TRUJILLO: Here.

1 MS. GUARE: Member Woodford.

2 MEMBER WOODFORD: Here.

3 MS. GUARE: And Chair Cate.

4 CHAIR CATE: Here.

5 MS. GUARE: Chair Cate, we have a quorum.

6 CHAIR CATE: Thank you very much.

7 And a good afternoon, everyone. Thank you for
8 being here today. I want to welcome members of the
9 public and PIA staff and, of course, our Board. And
10 we have the pleasure today to welcome Michele Steeb
11 who is joining us as a recent appointment of
12 Governor Brown.

13 Welcome. Good to have you here today.
14 Ms. Steeb, as I understand, was Executive Director
15 of St. John's Shelter.

16 Is that right?

17 MEMBER STEEB: Still is.

18 CHAIR CATE: I shouldn't say was. Is the
19 Director. And that is a shelter that serves women
20 and children and people in need.

21 Did you want to say a few words by way of
22 introduction?

23 MEMBER STEEB: I'm delighted and honored to
24 be serving with you, and thank you very much for
25 having me.

1 CHAIR CATE: We look forward to having you
2 here and joining us as we work through the issues,
3 not only today, but throughout year. I think your
4 insights will be very helpful. That's great.

5 Before we begin with our action items, on the
6 phone, Chuck, who do we have today?

7 MR. PATTILLO: Member Chapjian, Member
8 Saito and Member Masteller. They are calling in
9 from the Long Beach, Department of Parks and
10 Recreation, at a publicly noticed location.

11 CHAIR CATE: Terrific.

12 For those of you who weren't able to make it,
13 we had a great time with our staff at the National
14 Correctional Industries Conference earlier this
15 month. I had the pleasure of providing the keynote.
16 I want to congratulate staff. They did a great job
17 in putting on the conference. It was very well
18 attended from industries across the country, and I
19 thought we showed off pretty well.

20 Any comments, either Scott or Chuck, about the
21 conference you would like to make?

22 MR. PATTILLO: Actually, the NCIA staff
23 would like to do it in California every year because
24 it was the easiest conference they've ever had. The
25 other industry directors had said we kind of put the

1 bar a little high for them. We had some pretty
2 incredible training for two days.

3 As Matt was saying, we had 46 states show up,
4 as well as two or three folks from foreign
5 countries. And very well attended by not only our
6 staff, but also by Department of Corrections staff.
7 And the last part was a Folsom tour. We never had
8 an NCIA tour literally sell out before it started.
9 We had 76 people that did the Folsom tour. Thanks
10 to Rick Hill, the warden out there, who kind of came
11 out and showed up and put on a show for us.

12 MR. WALKER: If I could, real quick. Chuck
13 touched on the logistics for putting something like
14 on are tremendous. And the staff, and marketing
15 staff, did a tremendous job of doing that. Comments
16 we got back were flawless, seamless, Chuck set the
17 bar pretty high. It all started with Mr. Cate's
18 Keynote speech. He hit the mark. He talked about
19 the impact and the importance of industries on
20 people's lives and changing lives. It started out
21 with a bang and was a really, really good show.

22 CHAIR CATE: Thank you, Scott and Chuck.
23 Appreciate that.

24 So just a couple of matters that are going on
25 in Corrections that might be worth discussing. One

1 is we are continuing to implement public safety
2 realignment. And that is having an impact on the
3 prisons and, therefore, on PIA. Since realignment
4 began on October 1st, the prisons have reduced
5 population by about 22,000. So, obviously, that is
6 the same size as most medium state corrections
7 departments, and that's been, I know, a strain on
8 PIA.

9 As we have seen our population go down and we
10 ask PIA to continue to perform at their usual
11 standards, that is not easy. But it is helping
12 tremendously with the difficulties we had at
13 reception centers. And I think it's going to make
14 it easier to get out of federal court lawsuits.

15 That leads to the next item. The
16 administration has put out a document called "The
17 Future of California Corrections - A Blueprint to
18 Save Billions of Dollars, End Federal Court
19 Oversight, and Improve the Prison System." It has
20 in it reductions to our budget of about a billion
21 dollars in the current year and 1.5 billion in out
22 years. It has the some impacts on our operations,
23 included closure of the California Rehabilitation
24 Center at Norco; the return of 9,500 inmates from
25 out of state facilities to California; returning

1 those jobs and those dollars to California; a plan
2 to end federal court oversight; and to expand
3 rehabilitation.

4 Obviously, if you have a reduction in total
5 inmate population, it takes a much smaller
6 investment to see a nice increase in recidivism
7 reductions. All that, along with changing in our
8 security level issues and staffing.

9 I invite you to read it. Take your time. It
10 is about 50 pages. It really lays out the plan of
11 the administration for Corrections over the next
12 three or four years. I invite the Board Member and
13 public to take a look at that.

14 With that, I'll open it up to my fellow Board
15 Members. Any introductory comments that the Board
16 would like to make at this time before we get
17 started?

18 MEMBER WOODFORD: I toured San Quentin the
19 other day with an international group. I'd just
20 gone into the reception center and without the
21 overcrowding, how quiet it was, how clean it was.
22 It was really wonderful. Thank you for all the
23 work.

24 CHAIR CATE: Thanks, Jeanne. It is making
25 a big difference in that respect. In a typical year

1 corrections would have 47,000 offenders serving 90
2 days or less, 55,000 parole violators serving an
3 average of 90 to 120 days. Those are really hard on
4 staff. Hard on our facilities. Difficult to
5 budget. Not doing a whole lot for public safety. I
6 think we are making some progress there.

7 Without further adieu, I will invite our
8 General Manager --

9 I'm sorry.

10 MEMBER TRUJILLO: Mr. Chairman, I'd just
11 like to commend you publicly for the hearings that
12 you have been involved in trying to take the
13 Department of Corrections in the right place. It's
14 not an easy job, and I want to take my hat off to
15 you publicly.

16 CHAIR CATE: Thanks. I appreciate that.
17 Anything else before we get started?

18 Then we will take our General Manager's
19 comments.

20 Chuck.

21 MR. PATTILLO: Chairman, Members, my name
22 is Charles Pattillo. I'm General Manager of the
23 Prison Industry Authority and Executive Officer of
24 the Prison Industry Board.

25 Start off, again, by thanking Matt for coming

1 out to do the NCIA keynote, and then he spent a lot
2 of time after that meeting with my counterparts from
3 the other states. And I think what folks came about
4 is we have it pretty good in California as far as
5 operations, the way things go. And even if we're
6 going through a difficult time with realignment,
7 we're way off better than a lot of other states are.
8 We are far ahead of the curve than a lot of these
9 other states are as far as correctional industries.

10 I want to welcome Michele Steeb. I had a
11 chance to -- and I'm going to take credit for
12 recruiting Michele. I had a chance to visit her
13 operations about a year ago, I guess. I was
14 impressed. She is one of the forefront -- St.
15 John's Women's Shelter is a shelter for not only
16 domestic violence victims, homeless women, whatnot.
17 There is not only women there. There is women and
18 their kids living in this organization. And on top
19 of that she's started a company called Plates, which
20 they run a restaurant out of the depot that is
21 utilizing the ladies that are in her St John's Women
22 Shelter and transitioning them to employment. So
23 right there I saw that being on this Board and being
24 part of PIA would not be a big stretch for her. She
25 understands what we do. And we do have some of the

1 same clients in some cases, here and there.

2 Realignment, as the Secretary said, it is the
3 biggest challenge for everybody, and it affects PIA
4 in two ways. It affects us in the number of
5 offenders and also affects us in revenues. And the
6 number of offenders is not such an issue for us as
7 much because there are still a lot of offenders.
8 And what we've been doing is transitioning some of
9 our lower level operations into higher security
10 areas where we are going to be dealing with that.
11 We also have offenders that their classifications
12 are changed. As anybody in corrections knows, if
13 there is a bed, they are going to fill it. What we
14 are doing is taking away a lot of the places where
15 beds shouldn't be, such as a gymnasium.

16 The other part that affects us is in revenues.
17 As the Secretary stated, since Octobers we've lost
18 22,000 inmates; that's 22,000 inmates that we're not
19 providing food for or we're not providing laundry
20 services for or clothing, or 22,000 that we don't
21 have an opportunity to train.

22 Some of the local levels - we are working with
23 some of the counties to integrate our programs with
24 theirs because those are the same offenders that we
25 have a lot of success with. The revenue impact is,

1 like I said, a little bit more difficult. We can
2 estimate almost to the inmate with CDCR on the
3 number of inmates we are going to have in the
4 institution. It's a linear program; it is not a
5 hard thing. The revenue, though, is what's given us
6 a little bit of difficulty, and just recently got
7 real difficult.

8 Corrections buys hard goods from us.
9 Textiles, shoes, whatnot. Just this Monday -- they
10 buy them quarterly. We call them centralized
11 procurement. We have a centralized procurement
12 program. Just this Monday, they ended up canceling
13 the fourth quarter order to the tune of about 6.2
14 million. We fully understand why. It's a
15 programming issue. They think they have enough to
16 get themselves through the year. We're also looking
17 at dollars. But for us that was kind of revenue hit
18 that we were not expecting in month ten. So there
19 will be some reflection in our bottom line, but
20 that, too, we will accommodate.

21 We do know that over the next 24 months food
22 revenues will drop about \$20,000,000 from where they
23 were 18 months ago. And to mitigate this we are
24 working with both DGS and CDCR to find low cost
25 alternatives to food, things that will save money

1 with staff and money with food as well.

2 The evaporating \$20,000,000 is not
3 automatically reappearing in local governments.
4 We're seeing a little bit of it come up in locals.
5 San Diego County is one that's a good partner for
6 us, but not a whole lot. But it is encouraging.
7 Given the uncertainty of what institutions are going
8 to look like, the biggest bang for us in the
9 partnership that we do have with CDCR, the Secretary
10 has given us so much access to folks. And it's very
11 easy for me to call the Secretary and say, "Listen.
12 This is the issue that we have, and I need you to
13 help me solve it." That is not a call that I have
14 to make very often, but, when I do make it, it's
15 resolved very quickly. I appreciate Matt for doing
16 that for me.

17 At the end today we're go to have a little
18 retirement ceremony. I have two staff, between them
19 have over 60 years of state service, that are
20 retiring this week. And that is a big chunk of
21 change for us. PIA has staff with some of the
22 highest retention rate on a per capita number of
23 years than most state agencies do. So Carla Young
24 and Ben Wald will be retiring, and at the very end
25 we will have a small presentation.

1 With that, I'm going to have -- if there is
2 any questions of me at this time?

3 I have staff here today and they are going to
4 be transitioning in and out. They are going to be
5 doing the presentations, and if there is any
6 questions at any time, please interrupt or ask staff
7 or me.

8 The first one, Jeff, our attorney is going to
9 do action item number one or action Item A, adoption
10 of regulations Title 15. Just to give an opening.
11 We are going back in regulations, all the way back
12 to when we were constituted in 1982 and instituting
13 regulations based on what statute is or any policy
14 this Board has passed. Currently, we have a couple
15 legal actions -- one legal action against us. An
16 inmate is looking to sue us for requiring that we
17 require that they have a GED within two years.

18 What you see in the packet here is the
19 application that we are requiring the inmates to
20 fill out as well as the requirement for a GED. So
21 I'm going to turn it over to Jeff who is Chief
22 Counsel.

23 MR. SLY: Jeff Sly, General Counsel for
24 Prison Industry Authority. As Chuck mentioned, we
25 have four regs today we are asking for approval and

1 asking for approval to amend one, Section 8000, add
2 six new definitions.

3 This set of regulations comes to you as a
4 result of us, as Chuck mentioned, trying to go
5 through and get regulations covering everything that
6 the Office of Administrative Law and Administrative
7 Procedures Act requires of a state agency when they
8 are establishing policies that qualify as
9 regulations. These four today are primarily to
10 address two Determinations that the Office of
11 Administrative Law made with regards to hiring
12 practices and hiring criteria that the PIA uses with
13 the inmates.

14 So Section 8000, we are just adding six new
15 definitions to an already existing regulation. And
16 8004 through 8004.4 basically spells out how PIA is
17 going to recruit, how PIA is going to review the
18 application process for inmates that would like to
19 work for PIA. Also addresses issues that excludes
20 some from being able to work for PIA, set a criteria
21 for others, and, lastly, give the administrators the
22 guidance they need for allocating their inmates
23 between various enterprises at the institution.

24 That's kind of very brief, and I'm assuming
25 you've had a chance to review them individually. If

1 you have any questions, feel free. Otherwise I
2 would ask that you approve these so we can turn
3 these in to OAL and start the public comment period
4 time.

5 MR. PATTILLO: Jeff, will you describe what
6 will happen after the vote of approval?

7 MR. SLY: Chuck will sign off on a couple
8 documents that AOL needs to get the public notice
9 process started and file these with OAL next week.
10 That will start the 45-day public comment period.
11 At the conclusion of that, if there are any issues
12 that are raised that would cause us to decide we
13 might want to change our language, if it was a
14 substantive change, probably bring it back to you
15 for review before we submit it to OAL for final
16 approval. If a nonsubstantive change, just
17 correction, some type of punctuation or something,
18 we would just go ahead and make that change and
19 submit it. Once OAL gets our final application,
20 they have 30 days to review it and rule on it.

21 So far they have approved all of your regs
22 each time as we've gotten to that point in the
23 process.

24 CHAIR CATE: Mr. Pattillo, is there any
25 substantive differences between our current

1 processes and what these regs spell out? Or is this
2 kind of - codifying is the wrong word - delineating
3 our current process?

4 MR. PATTILLO: Delineating current
5 practices.

6 MR. SLY: Let me point out the application,
7 Inmate Worker Application that is you Attachment B,
8 was standardized during this process. There were
9 different applications we used. We've come up with
10 one uniform application that will be used statewide.

11 CHAIR CATE: Did you say that was Exhibit
12 B?

13 MS. GUARE: Attachment Exhibit A2.

14 MR. SLY: I'm sorry.

15 CHAIR CATE: How is this substantively
16 different, the application?

17 MR. PATTILLO: We just -- we had probably
18 six different applications before. We have folks
19 that are a little more advanced in IPE at some
20 locations, so we've got one application, just to
21 collect as much data as we can and adopt it
22 systemwide within our system.

23 MR. WALKER: This change from the
24 application has been effective for some time. Prior
25 to that, every institution had their own twist on

1 how they did it. This application has been out
2 there for some time. Just putting it all down,
3 delineating this is the one and everybody is using
4 it.

5 MR. PATTILLO: This is part of our ISO
6 standards where everyone is involved and nobody
7 could make any changes to it on their own.

8 MEMBER SINGH: Mr. Chairman.

9 CHAIR CATE: Mr. Singh.

10 MEMBER SINGH: I studied this very, very
11 thoroughly. I think very, very nicely written, and
12 I would like this. So I move this item for
13 approval.

14 CHAIR CATE: Thank you, Mr. Singh.

15 We have a motion.

16 MEMBER WOODFORD: I second.

17 CHAIR CATE: And a second. Any further
18 conversation or questions or comments?

19 Any public comment on this matter?

20 Hearing none -- normally we would just call
21 for a voice vote and approve these by general
22 acclamation. Because we have folks on the phone, we
23 will have to go with a roll call vote.

24 Madam secretary.

25 MS. GUARE: Member Almanza.

1 MEMBER ALMANZA: Aye.
2 MS. GUARE: Member Chapjian.
3 MEMBER CHAPJIAN: Yes.
4 MS. GUARE: Member Davidson.
5 MEMBER DAVIDSON: Aye.
6 MS. GUARE: Member Kelly.
7 MEMBER KELLY: Yes.
8 MS. GUARE: Member Masteller.
9 MEMBER MASTELLER: Yes.
10 MS. GUARE: Member Saito.
11 MEMBER SAITO: Yes.
12 MS. GUARE: Member Steeb.
13 MEMBER STEEB: Yes.
14 MS. GUARE: Member Singh.
15 MEMBER SINGH: Yes.
16 MS. GUARE: Member Trujillo.
17 MEMBER TRUJILLO: Yes.
18 MS. GUARE: Member Woodford.
19 MEMBER WOODFORD: Yes.
20 MS. GUARE: Chair Kate.
21 CHAIR CATE: Yes.
22 MS. GUARE: Thank you.
23 CHAIR CATE: That will pass.
24 Mr. Pattillo, our next item.
25 MR. PATTILLO: Next item is a recommended

1 position on Assembly Bill 1507. With us is Eric
2 Reslock, our Chief of Public Affairs.

3 MR. RESLOCK: Good afternoon, Mr. Chair and
4 Members. I am Eric Reslock, Chief of External
5 Affairs. I am pleased to present the next two items
6 for you.

7 Today is actually the deadline for fiscal
8 bills to get out of the Policy Committee. Neither
9 of these bills has had a hearing, but the authors
10 could always pursue a waiver, so even after today
11 these bills should be considered active.

12 The first is Item B, Assembly Bill AB 1507 by
13 Assemblyman Mendoza. This bill is very familiar to
14 many of the members. It is identical to Assemblyman
15 Mendoza's AB 1771, which the Board voted unanimously
16 to oppose in May 2010. That bill ultimately died in
17 the Assembly Appropriations. What 1507 would do is
18 enable state agencies to turn to -- enter into
19 purchase contracts for less than \$25,000 with
20 California certified small businesses, micro
21 businesses or disabled veteran enterprises to
22 purchase products manufactured by CALPIA if provided
23 at a lower price than CALPIA.

24 As you know from a previous information item,
25 CALPIA cannot always offer the lowest price because

1 of its limited market, lack of flexibility, OPEB,
2 operating in a correctional environment, so on.
3 This price difference would be exploited under AB
4 1507 where CALPIA cannot complete.

5 In fiscal year 2010-11, for example, the loss
6 of contracts that could be offered to purchasing
7 units under \$25,000 would have reduced up to
8 \$135,000,000 of CALPIA's \$153,000,000 in revenues
9 due to the fact that everything except modular
10 buildings and license plates can be broken up into
11 purchasing units of \$25,000 or less. Such a revenue
12 loss would have led to the correlating reduction of
13 up to 4,333 offender training positions and up to
14 400 CALPIA civil service positions.

15 AB 1507 was scheduled to be heard in the
16 Assembly Jobs, Economic Development and Economy
17 Committee on April 17th, but the author pulled the
18 bill from committee. The International Union of
19 Operating Engineers, the correctional supervisors
20 organization, and SEIU are all opposed to the bill.

21 So the recommendation is, due to the negative
22 impact on the CALPIA revenues and recidivism rates
23 and increased budgetary pressure on CDCR for
24 alternative programming, staff respectfully
25 recommends that PIB oppose AB 1507.

1 I will be happy to answer any questions.

2 CHAIR CATE: Any questions for Eric?

3 MEMBER TRUJILLO: Mr. Chairman, I move for
4 adoption.

5 CHAIR CATE: Mr. Trujillo, thank you.

6 MEMBER SINGH: Second.

7 CHAIR CATE: We have a motion and a second.
8 Any comments, questions from the Board?

9 MEMBER ALMANZA: DGS does not have a full
10 position on the bill.

11 CHAIR CATE: I don't think Corrections
12 does, but I'm going to vote.

13 With that, any public comments before we call
14 for a vote?

15 Madam Secretary, please call the roll.

16 MS. GUARE: Member Almanza.

17 MEMBER ALMANZA: Abstain.

18 MS. GUARE: Member Chapjian.

19 MEMBER CHAPJIAN: Yes.

20 MS. GUARE: Member Davidson.

21 MEMBER DAVIDSON: Yes.

22 MS. GUARE: Member Kelly.

23 MEMBER KELLY: Yes.

24 MS. GUARE: Member Masteller.

25 MEMBER MASTELLER: Yes.

1 MS. GUARE: Member Saito.

2 MEMBER SAITO: Aye.

3 MS. GUARE: Member Steeb.

4 MEMBER STEEB: Yes.

5 MS. GUARE: Member Singh.

6 MEMBER SINGH: Yes.

7 MS. GUARE: Member Trujillo.

8 MEMBER TRUJILLO: Yes.

9 MS. GUARE: Member Woodford.

10 MEMBER WOODFORD: Yes.

11 MS. GUARE: And Chair Cate.

12 CHAIR CATE: Yes.

13 MS. GUARE: Thank you.

14 CHAIR CATE: Thank you. I do appreciate
15 that. It is -- obviously, as Chuck has said, it is
16 a difficult revenue time for PIA and difficult times
17 for the Department in finding rehabilitative
18 positions, so that's helpful.

19 Mr. Pattillo.

20 MR. PATTILLO: Next is Senate Bill 1162.

21 Eric is going to present that item.

22 MR. RESLOCK: Thank you, Chuck.

23 Item C, Senate Bill 1162 by Senator Runner.

24 SB 1162 would authorize rather than require state
25 entities to purchase goods produced by CALPIA and

1 would require a state entity to award contracts to
2 the lowest responsible bidder, to grant a preference
3 of not more than 10 percent above the lowest
4 responsible bid.

5 By eliminating the mandate that CALPIA
6 products shall be purchased by state agencies, SB
7 1160 puts CALPIA in the position of competing with
8 entities that do not have a limited market and can
9 exploit CALPIA's lack of flexibility with strategies
10 like loss leaders that could reduce revenues to the
11 Prison Industry's revolving fund by up to
12 \$153,000,000.

13 This loss of revenue would lead to the
14 insolvency of CALPIA, the loss of over 5,000
15 offender vocational positions and higher general
16 fund costs for incarceration, reduced public safety
17 and reduced prison safety and a loss of employment
18 for 580 civil service staff. This bill would
19 overturn nearly 30 years of public policy with
20 respect to CALPIA's role in rehabilitating
21 offenders.

22 SB 1162 was scheduled to be heard in the
23 Senate Governmental Organization Committee on April
24 9th. The hearing was canceled at the request of the
25 author. Senator Runner had been very ill. It's not

1 known what his intentions are of going forward.

2 But due to its potential impact to bring about
3 CALPIA's insolvency and increased budgetary pressure
4 on CDCR due to increased recidivism, the staff
5 recommends that PIB oppose SB 1162.

6 MR. PATTILLO: The cost to CDCR if they
7 want to replace these positions is 5,000.

8 MR. RESLOCK: That is based on 2008 LAL
9 study that approximately 1,162 prior offenders --
10 let me look at that number. Yes, approximately \$6.9
11 million if CDCR were to replace all of those
12 classifications with alternative vocational
13 training.

14 MR. PATTILLO: That is kind of a low
15 number. That number for the last couple of years,
16 anywhere - from 1,200 to about 3,500 a couple years
17 ago. That is, we use the LAL's number.

18 CHAIR CATE: Any questions for Eric?

19 Chairman will entertain a motion.

20 MEMBER MASTELLER: I would move to accept
21 the Board's recommendation -- to accept the
22 recommendation that we oppose this bill.

23 CHAIR CATE: Thank you.

24 Any second?

25 MEMBER SINGH: Second.

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CHAIR CATE: Mr. Singh.

Any further discussion?

CHAIR CATE: Hearing none, any comments
from the public on this bill, on this matter?

Hearing none, please call the roll.

MS. GUARE: Member Almanza.

MEMBER ALMANZA: Abstain.

MS. GUARE: Member Chapjian.

MEMBER CHAPJIAN: Yes.

MS. GUARE: Member Davidson.

MEMBER DAVIDSON: Yes.

MS. GUARE: Member Kelly.

MEMBER KELLY: Yes.

MS. GUARE: Member Masteller.

MEMBER MASTELLER: Yes.

MS. GUARE: Member Saito.

MEMBER SAITO: Yes.

MS. GUARE: Member Steeb.

MEMBER STEEB: Yes.

MS. GUARE: Member Singh.

MEMBER SINGH: Yes.

MS. GUARE: Member Trujillo.

MEMBER TRUJILLO: Yes.

MS. GUARE: Member Woodford.

MEMBER WOODFORD: Yes.

1 MS. GUARE: And Chair Cate.

2 CHAIR CATE: Yes.

3 MS. GUARE: Thank you.

4 CHAIR CATE: Thank, you Eric.

5 Next action item Mr. Pattillo.

6 MR. PATTILLO: Item D, individual
7 pre-packaged meals. Scott Walker from operations
8 will present the item. Before we go, I want to
9 thank the Operations & Development Committee who met
10 on March 26th to provide a recommendation to this
11 Board, and I appreciate the follow-up. I think we
12 put more paper and answered more questions on this
13 individual item than most items we've had.

14 The committee consists of Mr. Almanza,
15 Mr. Trujillo, Ms. Masteller, Mr. Kelly and
16 Ms. Woodford. Thank you very much for taking the
17 time to come to Folsom and also to follow-up with
18 all the questions.

19 Turn it over to Scott.

20 MR. WALKER: Good afternoon, Mr. Chair and
21 Board Members. I am Scott Walker, Assistant General
22 Manager of the Operations Division. I have the
23 pleasure today of presenting the item on
24 individually packaged meals.

25 Before I get into the details of the item, I

1 would like to share with the Board some background
2 on the programming that is provided to the inmate
3 workforce at CALPIA's food and beverage packaging
4 enterprise. CALPIA offers several nationally
5 recognized certification programs to the inmates
6 that work in CALPIA's food and beverage enterprise.
7 Among the certifications offered are National
8 Restaurant Associations ServSafe certification and
9 the Hazard Analysis Critical Control Program, HACCP,
10 which educates inmates in a systematic, preventive
11 approach to food safety.

12 In addition, CALPIA inmate workers who have
13 not achieved a high school diploma or equivalent are
14 required to participate in general education
15 development, GED, program and complete their GED
16 within two years of starting employment with CALPIA.

17 Inmates assigned to a CALPIA work program have
18 a recidivism rate that is 25 percent less than
19 inmates in the general population of CDCR. This has
20 a direct impact on the general fund and has a
21 significant impact on the public safety mission of
22 CDCR. The technical skills and certifications
23 obtained in this program will allow the inmate
24 worker, when paroled, to seek employment in this
25 growing industry. According to the California of

1 Employment Development Department, approximately
2 4,700 or 5 percent increase in new jobs are expected
3 to be created in the state of California in this
4 field over the next six years. There are
5 approximately a hundred thousand jobs in this field
6 within the state currently.

7 I will now move on to the detail of the item.

8 As you may recall, on January 13th the Board
9 referred the issue of individually packaged meals,
10 boxed lunches, to the Development & Operations
11 Committee with the direction to evaluate the Harvest
12 Farms' proposal and determine if Harvest Farms and
13 CALPIA could identify an administrative solution
14 that would serve the interest of both CALPIA and
15 Harvest Farms. Consistent with that direction,
16 CALPIA staff met with Harvest Farms on five separate
17 occasions to discuss various alternatives that would
18 allow for Harvest Farms and CALPIA to move forward
19 with viable operations.

20 To refresh the Board's memory on the Harvest
21 Farms' proposal, it consisted of a framework in
22 which CALPIA would provide component parts to
23 Harvest Farms who would then co-pack the CALPIA
24 products with other Harvest Farms' products and
25 distribute them to the California Department of

1 Corrections and Rehabilitation, CDCR.

2 While it was a creative approach, both Harvest
3 Farms and CALPIA agreed that it presented some
4 implementation and product management concerns that
5 would have been difficult to overcome, such as
6 procurement, logistical and customer service.

7 After review and discussion of the Harvest
8 Farms' proposal, CALPIA submitted a proposal to the
9 group for discussion. The CALPIA proposal does not
10 require the implementation and product management
11 concerns that the group had identified in the
12 Harvest Farms' proposal. The CALPIA proposal
13 allowed for the procurement of meat-type boxed
14 lunches for CDCR from an outside vendor via
15 statewide contract. Additionally, CALPIA would
16 issue an exemption, waiver, to the CDCR for
17 meat-type boxed lunches for the duration of the
18 contract. The proposal allowed for CALPIA to
19 provide peanut-butter-and-jelly-type boxed lunches
20 to the CDCR. The CALPIA proposal includes a
21 projected increase in revenue of approximately \$1.5
22 million when compared to the Harvest Farms'
23 proposal. The additional revenue would be
24 recognized through exclusive sales of meat-type
25 boxed lunch products to CDCR.

1 If you could refer to the attachment at the
2 end of Item D titled Boxed Lunch Sales: Purchasing
3 Trends and Projections, the chart that you see on
4 the easel here.

5 The increase I'm referring to is detailed on
6 the far right column of the middle chart labeled
7 Harvest Farms' proposal. At the bottom of the
8 chart, labeled CALPIA's proposal, you can see the
9 budget year projections for fiscal year '12-13,
10 using the Harvest Farms' proposal, the outside
11 vendor would recognize approximately 10.6 million in
12 sales revenue. You get there by adding the peanut
13 butter and jelly and meat boxed lunches together.
14 That is 10.6 with the Harvest Farms' proposal.

15 If you look at the chart below at the bottom,
16 labeled CALPIA's proposal, you will see the same
17 budget year projections that the outside vendor
18 would realize, approximately 12.1 million in sales
19 revenue. For a projected increase of approximately
20 \$1.5 million.

21 So PIA's proposal was to split the CDCR
22 between peanut butter and jelly and meat. And the
23 proposal, because they would be packaging our
24 components, would actually provide a greater revenue
25 to the outside vendor.

1 On March 26, 2012, the Development &
2 Operations Committee met to discuss the boxed lunch
3 issue. After hearing from CALPIA and Harvest Farms,
4 the Development & Operations Committee adopted a
5 recommendation that was provided to the entire
6 Prison Industry Board on April 13, 2012, via email,
7 and a copy of which is also included in your binder
8 as D2.

9 Specifically, the Development & Operations
10 Committee recommended:

11 To authorize CALPIA to manufacture all types of
12 individually packaged meals, boxed lunches, with
13 CALPIA granting a purchase exemption, waiver, to
14 CDCR for meat-type boxed lunches for the duration of
15 any statewide contract; and

16 Ask CDCR to formally request DGS to establish
17 a contract or Request For Information, RFI, for
18 meat-type boxed lunches.

19 The recommendation of the Development &
20 Operations Committee protects Harvest Farms'
21 interest in CDCR meat boxed lunch sales and allows
22 CALPIA to sell peanut butter and jelly boxed lunch
23 to CDCR. It also allows both Harvest Farms and
24 CALPIA to diversify their customer base to locals as
25 recommended by this Board at the January 13th

1 meeting.

2 The committee's recommendation supports
3 CALPIA's mission of self-sufficiency, inmate
4 employment and reduced recidivism.

5 Subsequently, on April 25th, 2012, CALPIA and
6 the PIB received a modified proposal via email from
7 Harvest Farms that included language and additional
8 provisions that are inconsistent with the
9 recommendation of the Development & Operations
10 Committee. The Harvest Farms' proposal would
11 prohibit CALPIA from providing meat boxed lunches to
12 locals as recommended by the committee.

13 Therefore, it is CALPIA's recommendation that
14 the Prison Industry Board adopt the recommendation
15 of the Development & Operations subcommittee as
16 submitted.

17 I would be glad to answer any questions the
18 Board may have at this time.

19 CHAIR CATE: I know this is a lot to
20 digest. I do want to begin, if I could, by thanking
21 the subcommittee for their work on this matter. I
22 want to thank PIA staff and thank Harvest Farms and
23 their representatives for working hard to try to
24 establish agreement. I think, from what I can tell,
25 both sides came towards the middle a little bit. I

1 am not sure we got all the way together at one
2 point, but we did narrow the issue somewhat.

3 And so I am going to try to restate all that,
4 Scott, in maybe terms that are easier at least for
5 me to comprehend and maybe just restating it. If I
6 get it wrong, make sure and jump in.

7 The current recommendation is that we -- in
8 the past we had, the Board had asked PIA to come
9 back if they wanted to sell boxed lunches. This
10 would provide the Board's expressed authorization --
11 and this is a proposal that I'm just trying to give
12 the proposal the easiest way as opposed to what
13 Harvest Farms would be. But we would then change
14 that course and give PIA authorization to
15 manufacture peanut butter and jelly boxed lunches.
16 And then PIA would grant a purchase exemption or
17 waiver for CDCR to purchase all other boxed lunches
18 for the duration of subsequent statewide contract.
19 And so by subsequent statewide contract, we know we
20 are not in contract now, as I recall.

21 Is that right?

22 MR. WALKER: Correct.

23 CHAIR CATE: So DGS is going to enter into
24 a contract or open bids for a contract shortly. And
25 so what this in essence is doing is granting PIA the

1 ability to make boxed lunches. But for the term of
2 this upcoming contract, CDCR would be able to buy
3 meat lunches from Harvest Farms. And then when the
4 -- maybe this is a little different than I thought.
5 Let me read this.

6 This is the counter. Let me start over. I
7 got a little confused. In essence, and if I've got
8 this wrong let me know again. For the term of the
9 upcoming contract, PIA would be producing peanut
10 butter and jelly in prisons. Selling peanut butter
11 and jelly to CDCR and open to sell peanut butter and
12 jelly or meat lunches to anybody else.

13 Right?

14 MR. WALKER: Correct.

15 CHAIR CATE: And in meantime, Harvest Farms
16 would be selling CDCR meat lunches and then whoever
17 wins the bid would also be selling meat lunches to
18 CDCR for the term of the upcoming contract.

19 MR. WALKER: That's right.

20 CHAIR CATE: As I understand it, then PIA
21 would be able to compete to sell meat lunches to
22 CDCR at the end of that contract; is that right?

23 MR. WALKER: At the end of the contract.
24 Because I can't predict the future, that would be a
25 possibility that PIA could be one of the people that

1 are looked at to provide that product to CDCR.

2 CHAIR CATE: But you would not have to come
3 back before the Board to get expressed permission to
4 do so?

5 MR. WALKER: Correct. The Development &
6 Operations Committee's recommendation, if adopted,
7 that would be true, yes.

8 CHAIR CATE: And then I'm going to let all
9 of the Harvest Farms people to speak for themselves,
10 but I'm going to try to cast at least what I think
11 would be Harvest Farms' position; and then we'll
12 have you come up and tell me if I'm wrong as well.
13 Don't assume I got this right either.

14 Then from the Harvest Farms' perspective is
15 that -- and there may be more to it than this. But
16 Harvest Farms would want PIA, before they could get
17 into selling CDCR the lunch meat products, boxed
18 lunches, they would need to come back and get an
19 affirmative authorization, otherwise the exemption
20 -- otherwise whoever wins that bid would have the
21 ability to continue to sell those meat products to
22 CDCR. And the only way that could change is if PIA
23 came back and got an exemption expressly from the
24 Board at that time. I know that is one difference.

25 So really there is, I know, one discrepancy:

1 what happens in the 18 months, two years or three
2 years whenever this contract comes out, does PIA
3 have to expressly come back to sell sliced meat
4 lunches at that time, or do they have that ability
5 kind of on the natural at the end of the expiration
6 of the next contract? So I know that is one
7 difference.

8 Are there other differences?

9 MR. WALKER: I don't want to speak for them
10 either. The significant difference in the latest
11 alternative that they put on the Board, it would
12 preclude us from doing any type of sliced lunch meat
13 meals for the duration of this contract, until we
14 came back to the Board.

15 So the notion right now that we have out
16 there, basically, that CDCR would be split up
17 between peanut butter and jelly and meat-type boxed
18 lunches. Peanut butter and jelly going to PIA and
19 sliced meat boxed lunches going to whoever the
20 successful bidder was. And outside of CDCR, that
21 being the public sector, Harvest Farms and the
22 CALPIA would be able to go after whatever that
23 county market, irrespective of the product.
24 Basically, we would both go out there and compete
25 for the public sector, locals, and CDCR would be a

1 defined market.

2 Their latest proposal, as I read it, and I
3 certainly guess they will embellish upon it,
4 basically prohibits us from getting into sliced
5 lunch meat at all during this process. At the end
6 of the contract we come back and have a
7 conversation. So we are precluded from going after
8 any local market for the duration, they are
9 proposing, as I read it.

10 CHAIR CATE: We'll certainly hear from
11 Harvest Farms. Any questions about the PIA proposal
12 before we open it up from the Board?

13 MEMBER TRUJILLO: Mr. Chairman, make a
14 couple comments. I would like to thank you for
15 appointing me to the Development & Operations
16 Committee. I apologize for not being able to attend
17 that meeting. I was called to Washington, D.C., on
18 sad business to do. And I have already apologized
19 to the Chairman for not being there. But the
20 authorization, there is two things I would have
21 talked about had I been at the meeting.

22 One is the first bullet point authorizes
23 CALPIA to manufacture all types of individualized
24 packaged meals. I would have changed the all types
25 to just peanut butter and jelly. And the second, to

1 the waiver to CDCR for meat boxes only would have
2 been changed to all others. And --

3 MEMBER CHAPJIAN: I'm sorry. Mr. Chair, if
4 we're gong to change the recommendation, could we
5 first -- I move that we adopt the committee's
6 recommendation. If anybody then changes it, take it
7 up on that. My motion would be to adopt the
8 Development & Operations Committee's
9 recommendation.

10 CHAIR CATE: Mr. Trujillo has the floor.
11 Hold that for one second. He is not making a
12 recommendation at this time. I think we may have
13 some communication -- these are just comments on
14 what he would have done had he been there, or what
15 he would have proposed had he been there.

16 MEMBER CHAPJIAN: Okay.

17 MEMBER TRUJILLO: And the second bullet
18 point, to ask CDCR to formally request DGS to
19 establish a contract or request for information,
20 RFI, for meat-type. I would have advised for all
21 others.

22 And then the other thing I would like to see
23 included in this document is to establish the
24 two-year above mentioned recommendations to
25 authorize CALPIA to extend into lunch meat or

1 boxed-type meals or sliced portion lunch meat
2 without a public hearing and vote for approval by
3 the full Board. And, you know, we can do that in
4 two years if this thing is not working out. We can
5 come back to the full Board and get authorization.
6 So that is what I would have proposed. That is the
7 comment I would have made.

8 CHAIR CATE: Thank you.

9 MEMBER MASTELLER: I would like to comment,
10 please.

11 CHAIR CATE: Then after that we will hear
12 from Ms. Woodford.

13 All right, Kira.

14 MEMBER MASTELLER: Thank you. I was at the
15 committee meeting. I was present via telephone and
16 heard all of the comments and certainly have spent a
17 lot of time on this at several Board meetings and
18 appreciated the Board's concern on January 13th when
19 we all met, when we heard employees of Harvest
20 Farms. And to be quite honest, the Board was
21 extremely patient and has been very fair in taking
22 this to committee. In the first place, we didn't
23 have to. PIA could secure this business and not
24 even deal with this issue, based on my understanding
25 of the Penal Code.

1 So I think that if we look at this in
2 perspective we've allowed the people at Harvest
3 Farms to keep their jobs by coming to the table,
4 working together, listening to their concerns.
5 We've come up with a compromise that works for both
6 agencies. I don't think it's necessary to consider
7 a change to what the recommendation is on the agenda
8 today because we've already hashed out these issues.
9 And Harvest Farms and any other agency that would
10 bid for this contract has the ability to spend the
11 next three years figuring out what they are going to
12 do in their business. Just as PIA will have to do
13 the same thing if they are even interested in
14 getting meat boxed lunches, which they may not
15 decide. It may not be prudent for them to do so.

16 So I second Member Chapjian's motion if it
17 gets to the floor because I think we should accept
18 it as recommended.

19 CHAIR CATE: I do thank everyone for
20 withholding until we have had -- until members have
21 had a chance to discuss the matter and make sure
22 everyone is on the same page, just on the basic
23 information. Then maybe we can entertain a motion,
24 but I do thank you both for indicating that.

25 Ms. Woodford.

1 MEMBER WOODFORD: Just as a point of
2 clarification. When we met, we had a lot of
3 conversation about peanut butter and jelly, and
4 decided that we were really talking about non-meat
5 lunches because non-meat lunches could change to
6 other products given, changes in what people are
7 eating these days. One affects the other.

8 MEMBER ALMANZA: I want to thank staff and
9 the committee members for their hard work and time
10 and commitment to discuss this issue and come up
11 with a recommendation. From General Services'
12 perspective this was a difficult discussion because
13 the appearance of negotiating business with a
14 specific vendor, especially given there is no
15 contract right now. And so for me that was a major
16 concern because we are talking about a lot of money
17 and it does have to go out to open and competitive
18 bid. So just for the record that was a concern.
19 It's the main reason I abstained from the majority
20 recommendation to the Board.

21 CHAIR CATE: Okay. So the motion of the
22 Development & Operations Committee was approved by
23 Members Kelly, Masteller, and Woodford.

24 Mr. Almanza, you abstained?

25 MEMBER ALMANZA: Yes.

1 CHAIR CATE: For my sake can you -- maybe
2 you can provide a little bit of an update where we
3 are in the procurement of that contract for boxed
4 lunches.

5 MEMBER ALMANZA: That is not a contract
6 that we are actively working on right now until this
7 is resolved about whether PIA is going to be
8 provided all the lunches or none of them. Till we
9 know what the scope of the need is going to be.

10 MR. PATTILLO: You were waiting for the
11 Board meeting, for this action?

12 MEMBER ALMANZA: Yes.

13 MR. PATTILLO: CDCR will have to make
14 contact with DGS, just like they do with any other
15 contract.

16 CHAIR CATE: Any other clarifying questions
17 from the Board for staff before we open it up to --
18 we have representatives for Harvest Farms, Mr.
19 Nobili and Mr. Guy and perhaps Mr. Nelson and one
20 more.

21 So, Mr. Nobili, want don't you go ahead and
22 give your information.

23 MR. NOBILI: My name is Mark Nobili. I am
24 representing Harvest Farms today. I think
25 Mr. Walker did a pretty good job of describing part

1 of what happened. I would take a little issue with
2 some of the proposals; that is, we kind of glossed
3 over what is, by their own numbers, the best
4 proposal, that even by their own numbers.

5 If you look at the middle proposal in terms of
6 impact to PIA and to Harvest Farms, it's the largest
7 financial positive impact for PIA; and that was our
8 original proposal. Where we would incorporate PIA's
9 products into our boxed lunches made. Since we
10 legally cannot purchase as a private company from
11 the PIA, we would then just essentially have an
12 invoice delivered to the State for that. We were
13 told it was kind of painted as -- we walked away
14 from that. We were told that the accounting system
15 at PIA doesn't allow them to do that. Our guys have
16 looked at it and probably within one or two days
17 could show PIA how they can do that. That is an
18 ongoing success story for both PIA, with the highest
19 financial return to the PIA as well as it allows
20 Harvest Farms to exist.

21 There is a few numbers that I will talk about
22 in a second. And our issue with the language is it
23 does something very clear. Immediately it says you
24 can get -- PIA can get into pretty much any boxed
25 lunch program they would like. Department of

1 General Services issues a contract of which nobody
2 knows what the duration will be. Some of them are
3 only one year. So between one and three years I
4 heard from Mr. Cate. We haven't heard that number
5 yet.

6 What the agreement that was put -- what we
7 thought it was heading into it was PIA will take two
8 and a half million to \$4,000,000 worth of new
9 revenue in peanut butter and jelly boxed lunches, or
10 if there is alternative lunches as well. Harvest
11 Farms retains the meat product boxed lunch and we
12 are left to exist. They grow their business and we
13 can compete. There are no guarantees. We may not
14 win the Department of General Services contract.
15 That was it. So we can compete.

16 The added language that we are asking for is
17 simply saying instead of automatically putting us
18 out of business at the end of that Department of
19 General services contract is can we revisit the
20 issue as a Board. That's it; that's all we are
21 asking. We are not asking for any permanent
22 guarantees. We are just saying instead of
23 automatically putting us out of business at the end
24 of that Department of General Services contract
25 could we just have another hearing and revisit and

1 make sure that is what we want to do.

2 That draws me to the bottom, whatever you want
3 to call it, the thing that says CALPIA's proposal.
4 What Mr. Pattillo put out there is whatever happens
5 in the next year; that is the real reason he wants
6 this language. Because, according to the CALPIA
7 proposal, what happens in 2012-13, the blue line
8 represents Harvest Farms' revenue, is estimated
9 \$12,000,000 roughly. The red line, the boxed
10 lunches, is roughly 4.5, and that would be going to
11 the PIA; 11,000,000 on the green line goes to the
12 PIA. What happens in the next year, that
13 \$12,000,000 that is represented by Harvest Farms
14 goes away and it gets swept by the PIA, all of it,
15 100 percent of it.

16 So this one -- when I look at these types of
17 proposals, at some point is -- just because you can
18 take something over just doesn't mean you should.
19 We took the directive from the Board in January,
20 that we felt was, hey, there seems like there's a
21 way we can work together. The Board is in a
22 difficult position. People are always asking you,
23 protect our jobs, protect our business. I get that.

24 This seems like one of those solutions where
25 it's obvious that you can get a little benefit for

1 the PIA and a little benefit for Harvest Farms. The
2 language, as written, essentially says there is no
3 more benefit. You have a death sentence and here's
4 your death sentence.

5 There are two alternatives that actually avoid
6 that death sentence, but still benefits the PIA.
7 That is the only thing we are asking for. We have
8 to tinker around with the language in the top
9 sentence to get to what we thought was the spirit of
10 both the January hearing and the working group
11 hearing. That's great. But it has to actually, in
12 our mind, preserve what we thought was the spirit.
13 PIA gets something. We are allowed to exist and
14 compete. We are not asking for any guarantees.

15 The Department of General Services issues a
16 contract. We compete for that. At the end of that
17 contract let's revisit the issue. We don't know
18 what the prison population is going to look like at
19 that time. Nobody knows demand. Nobody knows
20 facilities. I think it is a prudent move from the
21 Board for several different reasons. I had a whole
22 different proposal or presentation I was going to
23 give you, but I think it is a pretty simple issue.

24 The spirit of the hearing in January and the
25 directive from this Board - work something out where

1 we didn't want to harm the small business in
2 Lancaster and those jobs. Or was it we'll take a
3 little bit of your business now and we'll take the
4 rest of your business later?

5 CHAIR CATE: Can I ask you a question?

6 MR. NOBILI: Yes.

7 CHAIR CATE: Mr. Pattillo expressed the
8 concern that the version that you're requesting
9 would prohibit PIA from marketing/selling the sliced
10 lunch meat lunches to other public sector folks,
11 jails and so forth.

12 MR. NOBILI: Yeah. I would believe it
13 would prohibit. The language that says peanut
14 butter and jelly type, that is intended to just say
15 was the deal, since the PIA didn't want to take the
16 original deal which is the best financial decision
17 for them. And Mr. Guy can walk you through all the
18 negotiations of how we got here. Then it became
19 just -- well, let's talk about carving the business
20 out. That is how this discussions went. So Mr. Guy
21 said, well, we'll give up peanut butter and jelly.
22 That is a boxed lunch. It is new revenue and new
23 line of business for the PIA. One of the reasons
24 why this language is really important is how the law
25 works with the Board and with the PIA.

1 Once you approve that language, you actually
2 are giving the PIA a lot of the authority with very
3 little control from the Board again. And once you
4 give them the blanket authority to go into those new
5 lines of business, you are in the business. You
6 don't really get to carve up and say, "Yeah, our
7 intention when we passed that language was that you
8 could only go to the locals." So either you approve
9 a new line of business or you don't approve a new
10 line of business.

11 Mr. Pattillo is still citing a hearing from
12 2002 to get into bread as his ability to get into
13 any food product. So I don't think I have to go any
14 further than that point. This is significant
15 language.

16 Once this Board has touched this language and
17 put it into law, if you will, he's got that
18 authority and the PIA has that authority. So we
19 were trying to be very careful in the wording. Yes,
20 I do agree that the language we are asking would not
21 allow them to market a meat product into the county.
22 Now they could do the deal that we were talking
23 about. Spend two days working on the accounting
24 stuff or four days, and we could partner on those
25 deals. But, yes, that is what we're asking.

1 CHAIR CATE: I think that what I'm hearing,
2 and I'll ask either PIA staff or you, Mr. Nobili, to
3 correct me. We have two differences. One is does
4 the Board grant authority to PIA to be involved in
5 sliced meats. Set aside the county issue for now.
6 Do you grant it now with a waiver for the end of the
7 contract, which means at the end of the contract
8 they would automatically be back in the business of
9 selling meats to the prisons, if the Board didn't
10 take any subsequent actions? Or do you flip it and
11 leave the prohibition in place and thereby require
12 PIA to come back to the Board to affirmatively get
13 permission to sell sliced meats to the prisons after
14 the end of the contract?

15 MR. NOBILI: Yes.

16 CHAIR CATE: Which happens on the natural?

17 MR. NOBILI: Yes.

18 CHAIR CATE: My personal view on that is we
19 could -- frankly, both of you have at various times,
20 you know, expressed the importance of this issue.
21 The Board can do whatever it wants from meeting to
22 meeting. It's a little bit like the mini
23 legislature on that issue. We can change our minds.
24 We can do just the opposite of what we said what we
25 were going to do before. Those are -- you can't

1 bind the next Board. Every time we get a new
2 member, the complexion changes, and the Board may
3 decide to go a different route than it went before.

4 I understand for the purposes of PIA planning
5 and for the private sector planning, it would be
6 nice to know, obviously, the best you can what
7 direction you are going.

8 The other issue is the question of even if PIA
9 has granted a waiver or CDCR granted a waiver and
10 Harvest Farms is selling lunch meats and the winner
11 of the contract is selling lunch meats, the other
12 question is: Does PIA have authority to market to
13 counties during the pendency of this one year, two
14 year or whatever year, whatever the term of this
15 contract is? And if I said three years, it is
16 because I don't know much about the issue as far as
17 how long these kind of contracts go. It wasn't out
18 of trying to signal I thought it would be certain
19 terms.

20 It seems like those are the two issues before
21 us. You have done a really good job of laying out
22 the concerns of your client and the nature of the
23 issue.

24 MR. NOBILI: Could I also ask,
25 particularly because of so much uncertainty is going

1 to be facing this Board, but in particular the PIA
2 and the Department of Corrections. If your
3 accounting system won't allow you to do a deal that
4 partners and benefits other companies and
5 organizations, then it is inevitable it is going to
6 be changing. There is going to be intense pressure,
7 downward pressure, on the PIA's revenue as well as
8 demand for their products. Partnering with private
9 companies to expand your marketplace is going to be
10 critical to survive almost.

11 And I would suggest that our middle proposal,
12 which is the most lucrative and best deal for the
13 PIA as well as partners with private sectors that
14 protects those California jobs, might be something
15 the Board should consider also, but yeah. Other
16 than that, you got it.

17 Thank you. Steve Guy was involved with every
18 one of the meeting discussions, I believe. And so I
19 think maybe he can probably provide a little, add to
20 that.

21 MR. WALKER: Chair Cate, I'm unaware of our
22 inability to invoice separately. We can do that.
23 Obviously, it is going to be a new thing for us. I
24 don't know that there is anybody in our office or
25 organization that said it can't be done.

1 There was a lot of other issues that we talked
2 about. Customer service. Who do you call when you
3 have a problem? How do you deal with spoiled food?
4 Ultimately, the thing that came back to us was:
5 Does it make our customer's life easier or harder?
6 And the answer was it made it harder. Because there
7 is this confusion about this product that shows up.
8 Who do you call when there is a problem? And so it
9 wasn't that -- theirs was a creative idea. I don't
10 know that there is anything in there that couldn't
11 be done, including the accounting. It would just be
12 a harder path to get there and at the end of the day
13 we thought that it created more confusion for our
14 customers. That was the reason; not that it was a
15 bad proposal or that it couldn't be done.
16 Obviously, competitive bidding.

17 CHAIR CATE: Okay. Mr. Guy.

18 MR. GUY: Chairman, Members of the Board.
19 My name is Steve Guy. I am Vice President of
20 operations for Harvest Farms, Good Source Solutions.
21 Harvest Farms is our manufacturing division. It
22 reports to me. I attended the January meeting as an
23 observer and tried to understand what is the real
24 challenge, the issues. And I heard very clearly
25 from that meeting that, guys, go get something

1 worked out. Go figure a way of working together.

2 When we started off on our series of meetings,
3 we went with a number of intentions. Mark has been
4 a valuable asset to us, but I asked Mark not to
5 attend the meetings. I felt I want to be driving
6 towards a business solution. I felt like so many
7 times we get off into an antagonistic side that we
8 would not get any work done.

9 And so from the first meeting we said we
10 wanted to go in and approach it. In our first
11 meeting we really tried to address the challenge of
12 -- there were huge areas of trust and the area of
13 fear. The trust side I labeled it 10 percent.
14 There was just so much question mark of what can we
15 believe, what do we do. Those types of fears there.
16 And really there was a fear of what will it be
17 interpreted, how will it take it forward.

18 We felt those meetings, all five of them,
19 actually were very productive. We were very
20 encouraged from it. We felt that we made good
21 strides. I would say we talked about it in the
22 third meeting; we thought we were about 80 percent
23 there. The way the meetings went.

24 At the first meeting we presented our proposal
25 about the components. Yes, we talked about -- we

1 called them hurdles. A number of hurdles we would
2 have to overcome of which the challenge of you can't
3 sell to a for profit -- when we talked about
4 accounting, you can't sell to a for profit company.
5 How would we do the credits? How would we do the
6 managing of the billing? Shipping the product to
7 one, but the facility is getting billed. We
8 identified that there were some complications on
9 that. But we felt there are also still a
10 possibility that that could be done.

11 In the second meeting, the counterproposal of
12 coming in and doing the peanut butter and jelly
13 profit work. And when we finished that meeting, we
14 said, okay, let's go through the numbers. Let's try
15 to see where does this lead out and try to go. My
16 feeling, as I was leading our team, I said, you know
17 what, I feel like we have come back with something
18 that shows intent that we want to move this thing
19 forward. We don't want to continue this six-year
20 battle of he said she said, who has the right to do,
21 who is going to take the other person out. I wanted
22 to have something to bring forward that we can do.
23 So we went hard at work saying can we make this
24 option work, the peanut butter and jelly.

25 We came back to the third meeting. We said we

1 think we can make this fly. But we've expressed all
2 along our concerns of, hey, the hill that we die on
3 is the lunch meat. That is Harvest Farms. We have
4 roughly a hundred employees. And really, as Scott
5 could attest - he walked the facility - there is two
6 basic plants, the meat slicing plant and the
7 assembly. And that's the core of our business.
8 It's simple. And we feel like if we lose in that
9 area on the meat side, we go down.

10 I've heard the concerns in the, I'll call it,
11 the reprimand. Diversify your business. I would be
12 the first to tell you, absolutely, that's a wise
13 counsel that you provided to us. But I would also
14 say that it's a difficult one, when you're providing
15 a good service and they want more of it, what do you
16 do? We basically have provided a good service and,
17 therefore, the majority of your business happens to
18 be through California Department of Corrections.
19 That's where we sell most of business there.

20 So for us it's always been that sensitivity
21 around the lunch meat side. That really is our
22 core.

23 At the third meeting we felt like, okay, we
24 are this close. We'll go to the subcommittee
25 meeting, work out the language. And truthfully I

1 would tell you if I am at fault for anything, I
2 mishandled that meeting totally. I did not realize
3 it was going to be a meeting where the discussion
4 was going on before we came in. We are going to be
5 brought in just to present our perspective. Don't
6 know what was said. And then dismissed out. And
7 don't know what was discussed and we get an end
8 result. I thought it was going to be much more like
9 the very first meeting where we had 14 people in the
10 room, and we interacted for three hours.

11 If I misread it, I apologize. But even in that
12 one we were trying to express our concern of we saw
13 all the wording. Gee, the first ten words of that
14 phrase basically can be turned into an ultimate
15 mandate. Take all the business. And it would be
16 nothing we could do because that would be a done
17 deal. Approved. Authorized. We have no further to
18 go.

19 So when we have submitted the wording or
20 changes that we put in there, we are looking for
21 wording to say was it the intent of the Board to
22 ultimately give the authority to put us out of
23 business, or was the intent to go work out something
24 and come away with it. We inserted the word "peanut
25 butter and jelly," because that was the area we were

1 focusing on at first. I understand the desire of
2 wanting to look at other opportunities - county,
3 wherever. We inserted the third bullet, at least
4 put something in that says, hey, can't just be done.
5 Because right now the two bullets that just stand
6 alone as they are in the original proposal, our mind
7 is to basically say, okay, we lose the two and a
8 half, \$3,000,000 right now in peanut butter and
9 jelly that go to six and somewhere in the future all
10 the rest is taken. To us it's that clear. That is
11 where we feel like the battle that's been, I'm going
12 to say, for the last six years I believe that this
13 has been going on.

14 So we're looking for how can we come in and
15 say we're asking you at least to come back to a full
16 hearing before it's implemented and just done.
17 Again, I think that our desire, what we felt we
18 wanted to come toward, a working solution. To me
19 what I find difficult or sad out of this whole
20 scenario, we are throwing out ideas left and right.
21 Hey, what about the other possibility of other
22 things we can go down the road? This is what I
23 think should be the effort of our energy.
24 Literally, meeting four and meeting five, everything
25 focusing on a few words. What words need to be

1 there? What words shouldn't be there? Where do we
2 go on that? I'd rather have us be focusing our
3 effort on how can we further enhance the
4 partnership.

5 Again, I also thank the team from PIA. It was
6 a joy actually brainstorming, working together. We
7 really enjoyed that process. So thank you on that.

8 Hopefully, you will take into consideration
9 what our concern is on the multiple way the words
10 are written.

11 CHAIR CATE: Thank you, Mr. Guy.

12 CHAIR CATE: Mr. Nelson, did you --

13 MR. LOVEALL: Good afternoon, everybody. I
14 am Adam Loveall. I am the political director of
15 UFCW 8. We have a collective bargaining agreement
16 with Harvest Farms. We have worked collaboratively
17 with them over many years to ensure the success of
18 their business in Lancaster, which has a very high
19 unemployment rate and has really a special
20 environment in which we negotiate to keep this part
21 of that economy in place.

22 This dialogue is very confusing. I want to
23 welcome the new members. I hate to be in your chair
24 right now because this thing is being like a
25 speeding bullet. It is complicated. What isn't

1 complicated is the impact of this decision, which,
2 frankly, UFCW isn't thrilled with, the parting out
3 of the one segment of the business. But that in the
4 discussion I was in was considered part of the
5 goodwill negotiations, to try get to a satisfying
6 place. The third meeting. The facts were
7 presented, and so here we are with a give-and-take
8 environment. And that what ultimately ended up is a
9 take-take that was offered, and as a reward for
10 that. We offered in -- after our coming back, the
11 language in the meetings four and five is we prefer
12 the whole body. This is the time.

13 That is not a viable business option for
14 Harvest Farms. That is not a viable economy for the
15 people that work for Harvest Farms, for their
16 families and the community and the small businesses
17 that operate there. I understand healthy market
18 competition and we welcome it, and it is not a
19 problem at all. We've done well in it. What we are
20 not supportive of is an award that your -- one of
21 the corner stones of your consideration and
22 obligation is to do no harm to small business.
23 Harvest Farms is in a tough environment for over 50
24 years and has created a real employment opportunity
25 for generations of people in Lancaster.

1 I ask you to -- we offered the arm. Please
2 give us an opportunity to reclaim our body by just
3 doing as Mark Nobili presented and making some minor
4 considerations in the language.

5 Thank you very much.

6 CHAIR CATE: Mr. Nelson, do you care to
7 speak?

8 MR. NELSON: They covered everything. I
9 just would like to thank the working committee for
10 the PIA that we worked with for outstanding -- they
11 came to the table with their heart in the right
12 place. Now it is just a matter of fine tuning some
13 language where we both walk away with a victory and
14 that is why we wanted that language change. I think
15 they all articulated that very well. I thank you
16 for your time.

17 CHAIR CATE: Thank you, Mr. Nelson.

18 Before I call for a motion of any kind, I have
19 a couple more questions. Chuck, first one is for
20 you on the Development & Operations Committee
21 recommendation. As I understand, we immediately
22 authorize CALPIA to manufacture all types of boxed
23 lunches and then PIA would grant a purchase
24 exemption or a waiver to the Department of
25 Corrections for the meat lunches for the duration of

1 the contract. At the end of the contract, however
2 long that is, that would then authorization -- PIA
3 would already be authorized to manufacture lunches.

4 Does that mean that from that point forward
5 PIA would begin to manufacture and sell lunches to
6 the Department or would there be any possibility at
7 that time for the private sector to compete with PIA
8 for that market?

9 MR. PATTILLO: The Department of General
10 Services, the director of General Services can then
11 step in and put this out to competitive bid if they
12 believe that there is -- the product is available.
13 This is a very large contract. They could put it
14 out to bid. Require it to go out to bid as long as
15 PIA was included in that competitive bid. So it
16 wouldn't necessary be a slam dunk. Department of
17 General Services, given the amount this is, I would
18 expect them actually to step in at that time.

19 MEMBER ALMANZA: The way that the
20 government code works, as I understand it, is that
21 the Department of Corrections in this case would ask
22 that the Director of General Services to put it out
23 to bid because it would be cost beneficial to the
24 state to do so.

25 MR. PATTILLO: At this time they are asking

1 that the Director of General Services actually has
2 the authority. We are talking about at the end.
3 CDCR would not have to ask you that. Just like the
4 PUC, as an example, when Mr. Klass decided that he
5 wanted to put out.

6 MEMBER ALMANZA: Even in that case, if that
7 was the PUC that requested or asked the Director to
8 authorize, put it out to bid. So it does have to be
9 demonstrated to be cost beneficial to the state,
10 that it would save the state money to do so.

11 CHAIR CATE: So absent however that would
12 happen, whether that is triggered by the Department
13 or triggered by DGS, in either case there has to be
14 some kind of analysis or request. And absent that,
15 the decision from DGS to go out to bid, then PIA
16 would be able to manufacture meat-type lunches for
17 the Department.

18 So then and I will open to other questions.
19 If I can have everyone's indulgence for another
20 minute.

21 As I understand it, there are three possible
22 routes: The subcommittee's motion or recommendation
23 would be what I kind of just went through. That PIA
24 would be granted immediate authority to begin to
25 make the meat lunches. Allowing them to sell both

1 -- to sell peanut butter immediately to the prisons
2 and all kinds of lunches elsewhere; and then to
3 begin also selling meat lunches in the prisons
4 absent a decision by California Department of
5 Corrections and Rehabilitation to put that matter
6 out to bid at the end of the next contract.

7 The other second possibility, as I see it,
8 would be that we grant PIA the immediate ability to
9 sell peanut butter and jelly to the prisons and meat
10 products to folks outside the prisons, but we
11 specifically ask PIA to come back and seek Board
12 permission before selling meat products to the
13 prisons at the end of this upcoming contract.

14 And then the third option would be, basically,
15 the Harvest Farms' option, which would be that PIA
16 can sell peanut butter and jelly in the prisons
17 during the term of this upcoming contract and that's
18 it. And that they would need to come back and ask
19 permission not only to sell meat lunches to the
20 prisons at the end of the upcoming contract, but
21 also presumably to sell meat-type boxed lunches to
22 any other government vendor on the going forward
23 basis.

24 Those are three different permutations that
25 I've kind of heard. Again, before I take a motion,

1 and I'm not dictating who gets to go first on this.
2 I would -- I want to make sure all the Board Members
3 understand the issue as fully as they need to and
4 have an opportunity to have their questions
5 answered.

6 Any questions by the Board about the issues?

7 MEMBER ALMANZA: I just want to state again
8 that it is important to make the point that this
9 isn't a negotiated -- we are not negotiating a
10 business deal with a specific vendor. This is about
11 whether we want to authorize PIA to expand its
12 business line into boxed lunches, because we do have
13 to go out to open and competitive bid. This is many
14 millions of dollars. The perception that we are
15 negotiating with a particular vendor before it even
16 goes out to bid is problematic.

17 CHAIR CATE: I think it's probably the use
18 of my language. That is what I meant as well; that
19 we recognize that we are currently purchasing in the
20 absence of a contract from Harvest Farms, but it
21 would go to -- obviously, the subsequent contract
22 would go to open bid, and every contract presumably
23 after that would go to open bid.

24 Thank you for clarifying that. It was my
25 intent.

1 MEMBER CHAPJIAN: If we could have the
2 people identify themselves when they speak, please.

3 CHAIR CATE: That was the Chair of the
4 Development Committee, Mr. Almanza, that was
5 speaking a second ago.

6 Any question from folks on the phone?

7 Any discussion?

8 MEMBER TRUJILLO: Mr. Chairman, I am still
9 concerned about the ability for us granting an open
10 route for PIA to take without coming back to this
11 Board, not being able to have a public hearing or
12 coming back to this Board for a full recommendation.
13 And it seems to me with this two-year contract that
14 we are talking about, these folks already have that
15 job, and we don't know what the population is going
16 to be in the next two years with the Department of
17 Corrections, with the plan that's been implemented,
18 that you have been working on, Mr. Chairman.

19 So I still feel very strongly. I was one of
20 the Directors/Board Members who went to Lancaster to
21 actually talk to these folks and looked at the job
22 they were doing. This is kind of a family business.
23 I, as a labor representative for this Board, am
24 going to do everything I can to make sure these
25 public sector jobs aren't taken at this time. If

1 it's proved to be cost-effective for us in two
2 years, and they are not competitive with their bid,
3 then so be it.

4 MEMBER KELLY: Board Member Kelly.

5 Chuck, when we establish an enterprise like we
6 build chairs, furniture, and we want to come up with
7 a new line. Someone comes to us, we want to have a
8 recliner, let's say. We don't have to take that
9 back to the full committee to get that. Okay.
10 Correct?

11 MR. PATTILLO: No, we don't, Mr. Kelly.

12 MEMBER KELLY: If we have to do this for
13 every single enterprise every time we change it,
14 what would that do to our timelines and customer
15 base if we have to -- we want the chair today
16 because we need it. What does that do to it?

17 MR. PATTILLO: It would be like we are
18 doing now. We've been on this one for three years.
19 So it would -- basically, we wouldn't be able to do
20 any kind of transfer, expansion, whatnot. In this
21 case this is truly not, per se, an expansion of a
22 product. We are packaging stuff that we already
23 have the authority to make.

24 The Chairman asked for the Board to have the
25 option to look at this also and he also wanted to go

1 back to the Development & Operations committee. It
2 extends our timelines.

3 MEMBER KELLY: Thank you.

4 CHAIR CATE: Any further questions or
5 discussion?

6 MEMBER CHAPJIAN: I will make the motion
7 that we support the Development & Operations
8 Committee recommendation.

9 CHAIR CATE: Thank you, Mr. Chapjian.

10 MEMBER MASTELLER: I second the motion.
11 This is Member Masteller.

12 CHAIR CATE: We have a motion and a second
13 to support the recommendation of the committee.
14 Without any further discussion on what that means, I
15 think we kind of laid out in probably excruciating
16 details what that means and doesn't mean. So any
17 further discussion, though, to anything else?

18 We've a motion and a second. Call the roll,
19 please.

20 MS. GUARE: Member Almanza.

21 MEMBER ALMANZA: Abstain.

22 MS. GUARE: Member Chapjian.

23 MEMBER CHAPJIAN: Yes.

24 MS. GUARE: Member Davidson.

25 MEMBER DAVIDSON: Yes.

1 MS. GUARE: Member Kelly.
2 MEMBER KELLY: Yes.
3 MS. GUARE: Member Masteller.
4 MEMBER MASTELLER: Yes.
5 MS. GUARE: Member Saito.
6 MEMBER SAITO: Yes.
7 MS. GUARE: Member Steeb.
8 MEMBER STEEB: I'm going to abstain since I
9 wasn't part of these discussions.
10 MS. GUARE: Member Singh.
11 MEMBER SINGH: Abstain.
12 MS. GUARE: Member Trujillo.
13 MEMBER TRUJILLO: No.
14 MS. GUARE: Member Woodford.
15 MEMBER WOODFORD: Yes.
16 MS. GUARE: And Chair Cate.
17 CHAIR CATE: Yes.
18 MS. GUARE: We have seven yeses.
19 CHAIR CATE: Is that enough to pass?
20 MS. GUARE: Yes, it is.
21 CHAIR CATE: Turn to the last item,
22 informational items, Mr. Pattillo.
23 MR. PATTILLO: Mr. Chairman and Members,
24 the last item I will actually turn over, back to
25 Mr. Walker. Information items. And we are going to

1 go through certifications as well as lost hours
2 report.

3 MR. WALKER: Good afternoon, again. Start
4 with certifications, which is Information Item E.
5 As you know, external certifications continue to be
6 a key element to CALPIA's inmate workers' success
7 upon parole. CALPIA continues to focus on and
8 strengthen this effort.

9 In the fiscal year to date 365 inmates have
10 completed external accredited certification courses.
11 CALPIA continues to add to accredited certification
12 courses as they are identified. Recently, 60 new
13 courses were added that certify inmates in
14 industrial skills and safety training.

15 Any questions on the first document I have
16 there?

17 If you would turn to Page 2. That is where we
18 show our enrollments. Fiscal year to date, 917
19 inmates have been enrolled in external accredited
20 certification courses, with 462 workers being
21 enrolled in the second quarter. We continue to push
22 the efforts to get them externally certified. It is
23 evidence based. It shows us we give external
24 certifications and GED, and has a significant impact
25 on the recidivism, so we continue to focus there.

1 If you will turn to the third page. It lists
2 our internal proficiency certifications. Fiscal
3 year to date, we've had 533 inmates enrolled to be
4 certified. Published 219 received that
5 certification in the second quarter. One of the
6 things we are doing to add more structure to this
7 process is we are tying all of these internal
8 certifications to standard occupation codes. So the
9 inmates must demonstrate a skill and ability before
10 they are put into a job or given a pay raise. It is
11 going to be a much more structured process; whereas,
12 in the past it's been kind of hours on the job. Now
13 they are going to have to demonstrate the skill and
14 ability to pass a test before they can move into the
15 next level.

16 Be glad to answer any questions on
17 certifications.

18 CHAIR CATE: Any questions?

19 MEMBER STEEB: Is it possible to get this
20 data measured against years past?

21 MR. WALKER: Sure.

22 MEMBER STEEB: As a regular Board report,
23 if we can see it against years past.

24 MR. WALKER: Actually, the General Manager
25 asked that we do that at the next Board meeting. So

1 perfect timing. Kind of line it out to show what we
2 are doing.

3 Turn to information Item F, lost hours, in
4 your binder. The first page is two pie charts. As
5 you can see, we are comparing the two pie charts
6 located on Page 1.

7 Total lost hours increased by 2 percent of
8 total when compared to the previous year. The
9 increase resulted in a 1 percent increase in both
10 custody and other lost hours. Custody went to from
11 6 percent loss to seven and others went from two to
12 three.

13 The increase in custody lost hours was
14 primarily at two institutions, California State
15 Prison at Wasco. And what happened there was late
16 last year there was an inmate unrest with expanded
17 population that just really drove those hours up.
18 Pretty isolated incident. Usually functions pretty
19 well. We got past that and things are back to
20 normal.

21 The other increase was at Correctional Training
22 Facility. This is probably an impact of AB 109,
23 where we've taken inmates out of what was referred
24 to as the East Dorm, which was kind of the PIA dorm;
25 and we moved them from that dorm into the central

1 complex. And there is just a lot more things going
2 on in central. So those lost hours and the
3 consequence of that is lost hours have gone up. We
4 are working with the warden down there, Randy, who
5 is a great guy, Randy Grounds, who does a great job,
6 and he's really on a one-man mission to get that
7 East Dorm reopened. So supporting that effort and
8 see what's going to happen. He's doing whatever he
9 can to get those hours down.

10 If you would turn to Page 6, I can get through
11 the other. There was an increase. Basically, that
12 one's pretty straightforward. It's inclement
13 weather. Second quarter of the year. November and
14 December, a lot of fog lines go on, so that drove
15 that other lost hours.

16 Turn to Page 8, if there is no questions on
17 that. If you turn to Page 8, inmate assignments.
18 As illustrated in the line chart, CALPIA inmate
19 assignments decreased by 34 assignments in the first
20 quarter to the second quarter. However, there is a
21 slight up-tick in assignments in December, 71 inmate
22 assignments were added primarily at CMC fabric.
23 What is going on there is we have a new contract,
24 our new prospect. I should say CalTrans moisture
25 wicking T-shirts and it is worth a little more than

1 million dollars. We were to add 40 or 50 more
2 inmates to produce those T-shirts.

3 MR. PATTILLO: If you look at assignments,
4 this is a direct correlation to revenue. We're
5 talking reduction in the last four years of
6 approximately \$80,00,000 in revenue that we have
7 gone down. So we've lost over a thousand
8 assignments. The only thing I can say about that is
9 that it could have been worse. I think we retained
10 as much as we can. But at a certain point we just
11 need the actual workers that our business can
12 support.

13 Coming back, we are looking at a few more
14 things right now. We are working with the
15 Undersecretary of Administration who is looking at
16 more service-oriented jobs that are in the
17 institutions and specifically kitchens, more of the
18 landscaping, janitorial, canteen operations. One of
19 our new ones that's taken off now is actually
20 facility maintenance. And facility maintenance
21 seems to be a very hard thing to fill. We got that
22 authorized last year. We've taken over facility
23 maintenance at CMF, at the hospital. Very good job
24 skill. So we are looking at more of the service
25 entities to make those more training positions that

1 we are going to manage on behalf of CDCR.

2 So I appreciate the Undersecretary's
3 assistance on this, in getting this going.

4 MR. WALKER: Any questions?

5 I'm done.

6 MR. PATTILLO: If there are no questions,
7 our last piece is Eric is going to come back and do
8 a last piece on public affairs. Then if you could
9 hang one second, we've got a presentation for people
10 retiring. Telling me what I'm going to do back
11 here. I'm sorry. Okay.

12 MR. RESLOCK: Eric Reslock, Chief of
13 External Affairs. We have a legislative update and
14 just what to take this effort to correct the record.

15 CHAIR CATE: Slow down.

16 MR. RESLOCK: Just trying to be quick.
17 Just want to correct the record. The impact to CDCR
18 is \$8.1 million and LAL number was 1612. So that's
19 the ledge update.

20 For public affairs, just want to let you know
21 we have scheduled a graduation at the CIM dive
22 program for June 22nd. That's a Friday and you all
23 are invited. We will be inviting the governor as
24 well.

25 Thank you.

1 MR. PATTILLO: I want to pass on a message
2 from former Member Greenstone. That was actually
3 his cell phone. He was calling on the cell phone.
4 The other day before the Board meeting just called
5 to wish everybody well and to say he appreciates
6 all the cards and notes that he's received from
7 everybody. He is in very good spirits. He
8 appreciates your thoughts and concerns, and asked me
9 to convey that to you.

10 If I could step back here. Two people here;
11 one hiding his face because he didn't want to be
12 here today, doing what we do and, especially, the
13 folks who have been working at PIA. We have a lot
14 of long-term employees. We have a lot of 20 and
15 20-plus years. For a staff of less than 600, the
16 number of 20-plus year employees we have in a per
17 capita basis is higher than any state agency. It
18 says something about the people who work here, the
19 longevity.

20 Two folks that are going to be retiring.
21 We'll start with Carla Young. Carla Young is
22 Assistant General Manager of marketing and sales, my
23 direct report. She has been around for - I checked
24 with HR --

25 MS. YOUNG: Twenty-five.

1 MR. PATTILLO: You have three extra years
2 on retirement.

3 MEMBER KELLY: Your pension looks better
4 already.

5 MR. PATTILLO: How long with the State?

6 MS. YOUNG: I started working in 1975. I
7 was fortunate enough to be working half time.

8 MR. PATTILLO: Twenty-five; at least 25
9 with us.

10 MEMBER TRUJILLO: Did she have a work
11 permit?

12 MR. PATTILLO: She for the last three years
13 has been the Assistant General Manager of marketing
14 and sales. She held about every position in the
15 marketing sales side. And next week is her last
16 week with us.

17 The NCIA conference, I will not take a cent of
18 credit. That was Carla and me calling Carla and
19 saying, "Guess what? I just volunteered to take on
20 the NCIA conference," and listened to her jaw drop.

21 That conference went off without a hitch,
22 literally without a hitch. It wouldn't have been
23 possible without Carla. She has a staff of
24 marketing and sales reps that are truly devoted to
25 not only what we do, but devoted to Carla. It will

1 be a hard position to fill. We've actually been
2 interviewing for a while. Carla's been
3 participating in the replacement.

4 We have a plaque here. It says:
5 Carla Young, we wish you a happy
6 retirement. Sincere appreciation for
7 your dedication, loyalty and many years
8 of service to the California Prison
9 Industry Authority. (Reading)

10 With that, Carla.

11 MS. GUARE: Does she have a knife in her
12 hand? [Jokingly] That's not on the record.

13 CHAIR CATE: Too late. It's on the
14 record.

15 MS. YOUNG: I would also like to express my
16 gratitude to this Chair, to Chuck and to the whole
17 organization of CALPIA. I'm sure as members of this
18 Board you do appreciate how unique we are, how
19 special my staff and the whole group of CALPIA
20 employees like what we're doing. And, in fact, we
21 believe so much in what we do that I don't think
22 there is group of public servants that you would
23 find anywhere that believe more in the mission of
24 what we do.

25 We have close and personal contact with the

1 beneficiaries of what we do. We have inmates that
2 we work with on a daily basis who have come back to
3 us after that they have been released and come back
4 and thank us personally for what this organization
5 does for them.

6 As far as what it's done for me, I don't know
7 there is another word for "career fulfillment" than
8 this organization. I started working as a state
9 employee a long time ago and did and had fun things
10 and interesting things and challenging things to
11 accomplish. But the basic joy of working in an
12 organization that has results from your daily
13 efforts, and what else can you ask for in terms of a
14 career.

15 Mr. Walker has been my counterpart in
16 operations. He challenged me in so many different
17 ways. Chuck offered me an opportunity to end my
18 career with taking some of the ideas that I have
19 been doling out along the way. I want to thank all
20 of you for this opportunity to share my success with
21 this organization and appreciate your thoughts.

22 And also to say that NCIA couldn't have been
23 done without Chuck. He was out there with every
24 single one of those members, trying to ensure that
25 CALPIA supported the national, not just within the

1 state.

2 MR. PATTILLO: Thank you, Carla.

3 And our second person. If anybody's been on
4 this Board long enough, I think you will recognize
5 Ben Wald as coming to the board meetings. Ben Wald
6 has been our Chief of Accounting for 21 years. Last
7 21 years?

8 MR. WALD: Twenty-five years.

9 MR. PATTILLO: He has 34 years with state
10 service. Ben and I started at the same job,
11 financial auditor in the Department of Finance. He
12 held the same position years ago with the Bureau of
13 State Audits. And he was with the Department of
14 Education for a minute. But he's come to PIA and
15 not only has Ben been the longest serving Chief of
16 Accounting, but he's the only person that's ever
17 served as the Assistant General Manager, act in that
18 position, three times. Three times for me. Every
19 time he comes in, he refuses to apply for the
20 position, though I begged him, and extended his
21 assignment, everything else. He said you ought to
22 hire somebody else. I want to go back to my
23 accounting job.

24 He's overseen two transitions of our
25 accounting system over the last 21 years, going

1 from, as he told me last week, when he first got
2 here we had one computer.

3 MR. WALD: Personal computer.

4 MR. PATTILLO: We had one personal
5 computer. And he told me a story last week, that
6 when we were downtown, if you wanted to use the
7 computer, you had to go behind closed doors in this
8 dark room to use a computer. I didn't want to hear
9 any more about that. They had two computers in the
10 entire PIA at one time. Now we -- look at Scott and
11 I. iPads and everything else on our desk. We take
12 this stuff for granted.

13 Ben has an accounting staff that oversees 26
14 business units, 26 business lines. He's never
15 complained publicly to me. He does a great job.
16 And it is another one of those we are really having
17 a lot of difficulty finding someone to replace him
18 because he does have 21 years of institutional
19 knowledge. As we said with Carla and couldn't think
20 of anything better to say to either of you: We wish
21 you a happy retirement. We had a good party the
22 other day. Carla scheduled a full day party on
23 Monday.

24 With sincere appreciation for your dedication,
25 loyalty and many years of service to the PIA. Thank

1 you.

2 MR. WALD: Just a few words. It's a real
3 honor and privilege to work with this organization
4 for so long and to be able to tell this organization
5 story through accounting. I just want to remind
6 people that accounting is not about numbers. It's
7 really about concepts and what I consider myself or
8 what we're doing in accounting - telling our story.
9 And how we tell our story is we have to interact
10 with people in operations, HR, legal and marketing.
11 And when I come to this Board meeting, I come with
12 the focus of what can I learn to tell our story
13 through accounting better.

14 It's really been rewarding. I've been here
15 for a long time. I've witnessed a lot of growth. I
16 came in the 1980s when CDC, as it was known then,
17 was in a real expansion mode, growing fast. And we
18 were working with bond moneys and we got a loan and
19 tremendous -- we had implementation of division
20 actually back then in Prison Industry Authority. So
21 it's really exciting and challenging times to come
22 this far and be this long and actually use my
23 accounting degree in the way I would hope I'd use it
24 is just rewarding.

25 I admire this Board, and especially for Chair

1 Kate to come to this meeting and Chairman Woodford,
2 when she was Chairperson Woodford, was committed as
3 well. That was not always the case. This Board is
4 really committed. It's been an honor to be here.

5 So thank you for the recognition and it's been
6 some great memories. Thank you.

7 CHAIR CATE: If I could, just on behalf of
8 my fellow Board Members, I know that they would join
9 me in saying thank you. Thank you to both Carla and
10 Ben for your public service, for your dedication to
11 PIA, for your accomplishments over those years; and
12 I can tell you that we, as a body, remain constantly
13 impressed by the professionalism that our staff
14 provides.

15 I also know that, as I tour the prisons and I
16 talk to the men and women that work in PIA, that we
17 are making a difference. And while you probably
18 could have made more money doing something else, I
19 personally am grateful that you gave so much of your
20 time and careers to Prison Industry Authority. I
21 think it's been great for public safety. It's
22 terrific for this body, and if there is a little
23 piece that we make humanity better. So I think you
24 can be very proud for what you've accomplished.

25 Thank you very much.

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Anything further? Mr. Pattillo?

MR. PATTILLO: No, Mr. Chairman.

CHAIR CATE: Before we adjourn, I note that we have our ranking Deputy Director in the back, Kathleen Allison. So if you have questions about the Division of Adult Institutions, you can grab Kathleen and ask her everything you want to know about prison operations, but were afraid to ask, over a sandwich.

Thank you very much.

MS. GUARE: The meeting ends at 1:45 PM.

(Hearing concluded at 1:45 p.m.)

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1 REPORTER'S CERTIFICATE

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STATE OF CALIFORNIA)
) ss.
COUNTY OF SACRAMENTO)

I, ESTHER F. SCHWARTZ, certify that I was the official Court Reporter for the proceedings named herein, and that as such reporter, I reported in verbatim shorthand writing those proceedings;

That I thereafter caused my shorthand writing to be reduced to printed format, and the pages numbered 4 through 85 herein constitute a complete, true and correct record of the proceedings.

IN WITNESS WHEREOF, I have subscribed this certificate at Sacramento, California, on this 30th day of May, 2012.

ESTHER F. SCHWARTZ
CSR NO. 1564