

STATE OF CALIFORNIA

DEPARTMENT OF CORRECTIONS AND REHABILITATION

PRISON INDUSTRY BOARD

PUBLIC MEETING

THURSDAY, DECEMBER 18, 2014

GREEN VALLEY TRAINING CENTER
995 FOLSOM LAKE CROSSING
FOLSOM, CALIFORNIA

ORIGINAL

REPORTED BY:

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ATTENDEES

BOARD MEMBERS:

- JEFFREY A. BEARD, CHAIR
- DARSHAN SINGH, VICE CHAIR
- ERIC ALEGRIA
- ESTEBAN ALMANZA
- CURTIS KELLY
- KIRA MASTELLER
- BRUCE SAITO
- MICHELE STEEB
- RAY TRUJILLO
- JEANNE WOODFORD

STAFF:

- CHARLES L. PATTILLO, EXECUTIVE OFFICER
- SCOTT WALKER
- RUSTY BECHTOLD
- MICHELE KANE
- GARY BUSH
- RANDY FISHER
- LISA ROEDIGER-HANCE
- PHYLLIS GUARE

COUNSEL:

- JEFF SLY

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ATTENDEES (CONT.)

MACIAS GINI & O'CONNELL:

SCOTT HAMMON

GUEST SPEAKER:

BRANT CHOATE,
Office of Correctional Education, CDCR

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1 FOLSOM, CALIFORNIA

2 THURSDAY, DECEMBER 18, 2014, 10:12 A.M.

3 ---oOo---

4 CHAIR BEARD: Good morning, everybody.
5 We're going to go ahead and get started. Sorry I
6 was a little late. First of all, if everybody would
7 check their cell phones. Make sure they're turned
8 off, please. I already checked mine. I'm good.

9 So I want to call this meeting to order of the
10 Prison Industry Authority at 10:12 a.m. This
11 meeting is being held at a publicly noticed
12 location. And we're going to begin by asking the
13 Board Secretary to call the roll.

14 MS. GUARE: Chair Beard.

15 CHAIR BEARD: Here.

16 MS. GUARE: Vice Chair Singh.

17 MEMBER SINGH: Here.

18 MS. GUARE: Member Almanza.

19 MEMBER ALMANZA: Here.

20 MS. GUARE: Member Davidson.

21 Member Kelly.

22 MEMBER KELLY: Here.

23 MS. GUARE: Member Masteller.

24 MEMBER MASTELLER: Here.

25 MS. GUARE: Member Saito.

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MEMBER SAITO: Here.

MS. GUARE: Member Steeb.

MEMBER STEEB: Here.

MS. GUARE: Member Trujillo.

MEMBER TRUJILLO: Here.

MS. GUARE: Member Woodford.

MEMBER WOODFORD: Here.

MS. GUARE: Chair Beard, we have a quorum.

CHAIR BEARD: Let the record show we have a quorum.

At this time I would like to make a motion to recess for a closed session portion of this meeting to discuss personnel matters pursuant to Government Code Section 1126(E)(1).

Is there a second?

MEMBER TRUJILLO: Second.

CHAIR BEARD: All in favor.

Okay. I would like to ask everybody, except for the General Manager and the Board Members to leave the room just for a few minutes, and then we'll get back to the business of the Board.

(Break for closed session.)

CHAIR BEARD: We're going to reconvene the Board. It's 10:36 And now we will try to run

1 through the various items we have.

2 I am Jeff Beard, and I am the Secretary of the
3 Department of Corrections and Rehabilitation, and I
4 also am the Chair of the Board, Prison Industry's
5 Board.

6 This meeting that we're having today is where
7 PIA presents the midyear revise for the Fiscal Year
8 2014-15. And we'll also be discussing some
9 amendments to Title 15 concerning personnel sections
10 and inmate recruitment and hiring processes.

11 I want to begin by thanking the Board for
12 being here. I know many of you have set aside
13 things that you're doing and take time out of your
14 day to be here, and I appreciate that. And I know
15 that the General Manager appreciates it and the
16 people of California should appreciate it. So thank
17 you very much for taking the time to serve on the
18 Board.

19 I see that we have some members of the public
20 present today. There will be an opportunity for
21 public comment after each of the action items are
22 presented. We will also have a chance for comment
23 at the very end, if somebody has other comments they
24 want to make. If you do have any comments that you
25 want to make, please fill out a speaker request

1 sheet, which is located on the table near the door,
2 and give it to the Board secretary.

3 At this time, before we get to the action
4 items and the General Manager's comments, I would
5 like to invite the Board members, if any of you have
6 any general comments that you would like to make.

7 Okay. Hearing none, I would like to ask the
8 General Manager to give us his comments.

9 MR. PATTILLO: Good morning, Mr. Chairman
10 and Members. My name is Chuck Pattillo. I am the
11 General Manager of the Prison Industry Authority
12 and the Executive Officer of the Prison Industry
13 Board.

14 As the Secretary stated, this is the
15 biannual/December meeting of the Prison Industry
16 Board where we adopt the major budget, talk about
17 revenue adjustments and, basically, tweak our budget
18 for what we've known has occurred over the last six
19 months, including end of the year release of our
20 audit, our final financials. And we've kind of
21 trued up at the end of the year. We're one of a
22 very few agencies that do a budget twice a year. It
23 is not required, but it is good practice for us to
24 do it twice a year. Just so we are not surprised at
25 the end of the year.

1 This budget this year does three things. It
2 increases revenues by about 1.7 percent. Primarily
3 it results in increases in the seating and furniture
4 orders. Really surprising to have a spike in
5 furniture, of all things. Offset by a slight
6 decrease in optical revenue. Also recognizes a
7 slight decrease on our estimated overhead expenses
8 that are state pro rata.

9 As you recall, we pay about 4- to \$5,000,000
10 for the support of other agencies in our recovery
11 fund. It's dropped about \$800,000 this year because
12 we ran our bill up the year before last when that
13 audit that was conducted by the State Auditor. We
14 actually paid for that. Now that that's passed,
15 it's gone. About a \$900,000 expenditure.

16 It also recognizes a significant additional
17 investment in our CTE program. We're adding about
18 10 percent more dollars into our CTE program, and
19 that was to bring in line a program down at San
20 Quentin, specifically in the labor, finish off our
21 coding program that we got going that many of you
22 saw. Quite a success.

23 Before we talk about the budget, in addition,
24 we're good to have a food and beverage packaging
25 enterprise at Mule Creek. This is a capacity issue

1 at Corcoran that allows us to better serve Northern
2 California institutions. We are looking for,
3 basically, a backup. As you all know, all our raw
4 materials we back up with backup contracts. Most of
5 our factories have redundancy. This is the one
6 factory that we don't have a redundancy.

7 We are also running that thing, probably,
8 about 150 percent of what its capacity is right now,
9 with overtime shifts and whatnot. This allows us to
10 spread out a little bit. It also brings 60 to 100
11 inmate jobs at Mule Creek as part of the new Mule
12 Creek expansion.

13 And we're also requesting to increase our
14 revenue under construction services. This has to do
15 with our success in the facility healthcare
16 maintenance program.

17 We're going to present two regulations. And
18 the regulations - I'll give you the short version.
19 The first one, D, is addressing telephone. We're
20 doing all regulations as we've discussed personally.
21 It's because as our own agency, since 2005, we have
22 a lot of regulations that haven't been drafted. We
23 need more ** with CDCR that hasn't been placed, like
24 for PIA. So it's a lot of paperwork. It's,
25 obviously, something we have to do.

1 D will be addressing telephone. It's
2 requiring that folks must provide their latest
3 telephone and address. E is one where we are
4 reaching out to other sections within CDCR for
5 part-time jobs, so folks are able to do, subject to
6 programming and work at PIA at the same time. Just
7 like many of us had to go to substance abuse
8 programming, and we would not be doing it full-time.
9 We have jobs and whatnot. So trying to make it as
10 real world for folks and also maximizing the
11 potential of the substance abuse program
12 participants.

13 Talks about part-time jobs, exemption of
14 education requirement for part-time workers, urine
15 analysis test with 30 days of being hired, which is
16 -- a couple of you had questions about when we do
17 that. Random, reasonable suspicion drug testing.
18 Counterfeiting prohibited anybody that's been
19 convicted of counterfeiting, I don't want them
20 working with printing. Kind of a no-brainer. I
21 have to put it down on paper.

22 Computer telephone, fraud prohibits computer
23 access and exemptions for ICE hold inmates.

24 This Board about five years ago -- Ms.
25 Woodford, you actually were very vocal on this

1 issue. Excluding ICE hold from our participation,
2 because a lot of times they end up not being ICE
3 hold at the very end. They work their way through
4 the system and find out they're not an ICE hold.
5 There is an exemption for me to write some of these
6 folks out of there.

7 At certain locations we don't have a choice.
8 Down South there is couple areas that have such high
9 ICE holds that we have to use them in some programs.
10 I have also written an exemption for two
11 participants in the dive program that are going to
12 be deported to the country of Mexico. And this is a
13 working relationship with the government of Mexico.

14 I went in August to meet with the Secretary of
15 Homeland Security and the Federal Bureau of Prisons
16 in Mexico City. And one of the things that we're
17 showing then is how to create an identical program
18 to our dive program and being lined up money for
19 them from a private source in Mexico, private
20 corporation. There's so much work going on in
21 Mexico that we have so many people going down there.
22 It makes sense for them to start their own program
23 and supply some of the diving down in Mexico.

24 After we get to the action items, we'll have a
25 presentation of the audit of the financial report

1 and data related to the lost hours. Before we get
2 to the first action item, we are currently in the
3 process of -- where's Phyllis at? There she is.

4 We're reintegrating our five-year strategic
5 plan. A couple of you sat through it. A couple of
6 you called in. I'm going to give out copies of our
7 old plan so you can kind of see where we were and
8 where we're going. For those of you who have
9 participated in any way, shape or form because
10 there've been several ways, you will see where we
11 were. We're working on a plan that we rereleased in
12 April. We're engaging the Board on several fronts.
13 January 20th is a tentative meeting for the next
14 Board meeting and for the next, excuse me, strategic
15 planning session. That is not a Board meeting. We
16 will have the ability for folks to call in. That
17 date is not set in stone, so we can work that out.

18 The strategic plan is kind of a tool for our
19 organization. It accommodates many changes in the
20 prison population for us. As we've been talking
21 about, several things are affecting us right now -
22 Prop 47, settlement to agree to give higher credits
23 to minimum support inmates. So we're constantly
24 addressing these changes on a daily basis. It's not
25 something we're behind the ball. We're very

1 integrated with our bed program. The strategic plan
2 helps us meet those challenges.

3 As far as the impact to CALPIA on the minimum
4 custody side, the impact will be somewhat less than
5 some have anticipated. Everybody thinks that Prop
6 47 and 109 and everything else that's really going
7 to harm us, and we can't fill positions. Well, we
8 have some vacancies because of this issue. But
9 right now on the minimum side we're running less
10 than, right around 9 percent of our folks are
11 minimum support facility. But 91 percent of the
12 people aren't going to be affected in that minimum
13 effect that we're talking about.

14 And a lot of that is -- I've got to give
15 credit to Scott and the rest of the operations
16 staff. There's a lot of moving parts in running a
17 business when draining the swamp on a regular basis.

18 We also have -- we expect exposure from this
19 minimum change to affect our CTE program. We have
20 13, 12 or 13, actually, as we take them up or down,
21 specific vocational programs, whether carpentry,
22 ironwork, laborer, D.C. dive, CAD and programs.
23 There are 13 of those. It hasn't affected them yet.

24 What we're doing now is we're moving
25 everything out of the minimum yard and putting it

1 back behind the walls. And what it's doing to our
2 CTE program is we only have 342 spots. So they're
3 very successful. Seventy-five percent of those will
4 be for female programming and 25 percent of those
5 will be for male programming. We recently expanded
6 our reach with the union apprenticeship program. We
7 have the new laborers at the CIW. We have the
8 carpenters we met with yesterday, and they've
9 committed to signing on to CIW. And with that we
10 also have to add the dive program under the Power
11 Drivers Union very soon.

12 We do have significant minimum custody
13 vacancies. I think right now we're running about
14 500 vacancies out in minimum. And most of that has
15 to do with agriculture - our dairy, our farms,
16 whatnot. So if there's ever a chance where we have
17 folks coming back, we can accommodate a lot of
18 those. We're short 500. We can probably take
19 another total thousand minimum right now to
20 accommodate what we do out there.

21 We're currently working with the AG's office.
22 We spoke at the last Board meeting. The Board has a
23 stake in community corrections, has officially with
24 the Secretary, officially adopted the title and
25 definition of recidivism. One of the challenges

1 that we spoke about last time is measuring our
2 recidivism. Because the way we used to measure
3 recidivism, if you came back to prison, now you have
4 everybody going back to county jail.

5 Now we're talking about 58 counties reporting
6 in one way. So what we've done is reached out to
7 the Attorney General's Office. They've agreed on a
8 pilot to run our folks so they can start testing a
9 model that will always show. Because they have
10 access to all 58 counties arrest rate. They were
11 out here the other day. They spoke to us three
12 weeks ago and wanted to -- we kind of confirmed what
13 we're going to do. So we will be moving forward.

14 So all these are constant ideas what it is on
15 a fresh-refresh basis so we're not always having to
16 wait for a bunch of downloads and everything going
17 on, independent of us and independent of CDCR, which
18 has been a criticism that we're relying on data and
19 we're reporting CDCR data and nothing at CDCR.
20 Saying independent of the entire CDCR family. They
21 maintain a statewide arrest data base that we talked
22 about.

23 The other question is, and Mr. Alegria asked
24 me to address this, we've been criticized by several
25 audits and several groups about not monitoring what

1 our folks are getting into, as far as job skills
2 when they get out - where are they working, did they
3 get a job related to what the training was. CTE is
4 very easy. We get the union reports. We know that.
5 But the rest of the structure issue is very tough.

6 You may recall that we tried to score this
7 about 2007. What we did is we had a great idea. We
8 thought, well, we want to figure out if they're
9 working. Let's go run their Social Security numbers
10 through EDD, and we can just get a report on what
11 their wages are on a quarterly basis, and that will
12 kind of give us some derivatives from there. What
13 we found, though, is when we ran that first initial
14 test, we presented it to the Board, and we have it
15 in a report, a 99 percent error rate on the Social
16 Security numbers that we were pulling out.

17 To address that issue, what we've done at
18 testing is that we now require a complete
19 application from inmates where we can test them on
20 I-9 basis. Just like you would get on any new job.
21 We're kind of matching that up to make sure. I
22 think a lot of folks, sometimes they're one number
23 off or a few numbers off, is really what it was.
24 This is our solution. We're hoping by the end of
25 the year we can rerun with EDD. And I think EDD

1 data is actually a lot better.

2 We are aggressively marketing former CALPIA
3 workers. If you guys haven't seen, we've run two
4 employer forums recently, in L.A. and Sacramento.
5 Very well attended. They did really well. Our
6 third one is going to happen this March, this
7 spring. I will be in Alameda County, and I'll be
8 relying on Alameda County Sheriff's Department and a
9 few other employers. We had 116 employers show up
10 in L.A. and 75 in Sacramento. We purposely
11 partnered with the local sheriff's department so we
12 can get them out there talking about what they're
13 doing. It created a great partnership.

14 We received significant national press. I
15 think you've all seen *U.S. Today*, CNN. And that's a
16 new model for us. It's kind of a CTE incubator
17 where we partner not only with CDCR, but we've also
18 partnered with a private nonprofit to create a
19 training program at San Quentin for coding. Kind of
20 a model we're looking at, getting it up and running.
21 But as soon as it's up and running, working with
22 Department of Corrections to take that over as a
23 program because it's an excellent *program at San
24 Quentin.

25 The intent of this nonprofit is to take it

1 from coding to a joint venture program with the idea
2 of on-shoring programming jobs that are currently
3 going overseas. Importing them back into a prison
4 environment. They have no access to the internet,
5 but they're pulling this off, so it's pretty
6 impressive. If you did see it, they're beaming the
7 entire classes in the Silicon Valley. We'll see how
8 it works out. That's kind of a wait and see
9 attitude.

10 We're having an additional PIB meeting January
11 28th, and that will be to discuss -- it looks like
12 at 11:00 a.m. It's a phone meeting only. The
13 purpose of that is to address the legislative
14 report. By law, as you remember, we don't have to
15 do it anymore under the Paperwork Reduction Act, but
16 the Board voted to continue doing it because it is
17 the best vehicle to report out what we do here to
18 the Legislature.

19 Lastly, today we will be honoring two people
20 who are retiring this month. One of them you are
21 very familiar with. The other individual, our
22 original instructor at CTE. It's not Scott. I
23 promise you.

24 The last part, we finally have a showroom. We
25 got it up and running again. We've been using a

1 temporary one at the Receiver's building. We've got
2 a new building at 19th and Q that we're renovating
3 right now. It's a little bit smaller than our old
4 one on F Street, but it does the job. It's got a
5 meeting space there. We will be able to meet there,
6 too. I would anticipate that we've got to start
7 doing meetings out in the field again like we used
8 to do. There's, actually, a group going to see some
9 of the facilities. Probably, the closest one would
10 be San Quentin. I will work that out with the
11 Secretary on where we can get in.

12 With that, those are my comments. Are there
13 any questions?

14 CHAIR BEARD: Thank you, Chuck.

15 MR. PATTILLO: Thank you.

16 CHAIR BEARD: Now we're going to move into
17 the action items. We have five of them to do. And,
18 Mr. Pattillo, will you please present the first
19 action item.

20 MR. PATTILLO: Thank you, Mr. Chairman.

21 The first item is the addition of a food and
22 beverage enterprise at Mule Creek State Prison.
23 With me is Scott Walker, who is the Assistant
24 General Manager of operations. Scott is going to
25 present, actually, this item and the second item.

1 MR. WALKER: Good morning, Mr. Chair and
2 Board Members. I am Scott Walker, the Assistant
3 General Manager for operations. I will be
4 presenting the request to authorize an additional
5 packaging enterprise at Mule Creek State Prison.

6 As Chuck mentioned earlier, the Department of
7 Corrections and Rehabilitation is currently
8 constructing two infill projects. One at Mule Creek
9 and one at Donovan. The approach for these infills
10 is to have a hundred percent programming of the
11 inmates assigned to those facilities. They're
12 designed almost to not be able to lock down, which
13 is a pretty good incentive to keep folks working.

14 The one at Mule Creek, they approached us and
15 asked us if we'd be interested in providing an
16 enterprise there. So we had some conversations
17 about that. And after some back and forth and
18 looking what we had out there in the field, we
19 decided that the best fit for Mule Creek would be a
20 food and beverage packaging enterprise. The
21 construction is currently underway, and it's
22 anticipated to be completed in December 2015. With
23 anticipated beginning of our program there in July
24 of 2016.

25 What drove the decision to have food packaging

1 was the current operation at B yard at Corcoran is
2 at its breaking point. We originally designed the
3 capacity at Corcoran to produced about 250,000 box
4 lunches a month. We are currently producing a
5 little over 600,000 a month. So we've used every
6 inch of the space we've got down there, and there's
7 just no more room to do that. On top of that, we're
8 only currently servicing about 20 of the 35
9 institutions. So there's some opportunity for us to
10 expand the box lunch program to those other
11 institutions. We can continue to work on that. And
12 given that the capacity at Corcoran, there is no
13 more space to do that. What we're anticipating here
14 is transferring some of that workload over to Mule
15 Creek.

16 The box lunch by design is really a
17 repackaging of other items that we currently
18 package. So we're taking our cookies, we're taking
19 our bread, we're taking our peanut butter, we're
20 taking our jelly, and repackaging it in the box
21 lunches, which makes it easier for the institutions
22 to distribute. And it also reduces the necessity of
23 staff at the institutions to put those lunches
24 together.

25 Again, I want to stress that this is simply a

1 transference of workload. We're not going after any
2 additional contracts. We're not proposing to add
3 any additional product. It's really giving us the
4 ability to meet our customers' needs. As Chuck
5 mentioned earlier, there is no redundancy here. So,
6 if something happens at Corcoran - we had a
7 transformer blow out a few years ago - there is no
8 ability for us to back that workload up within
9 CALPIA. So we're trying to manage that effectively,
10 and keeping that in mind the fact that we have to
11 continue to service those customers because the
12 Department has become reliant on that product.

13 There will be some capital equipment request
14 associated with this, approximately \$2,000,000, to
15 outfit it. There will also be some additional
16 dollars to do some tenant improvements inside the
17 facility itself. CDCR is constructing the facility,
18 the docks, bringing power to the buildings. All of
19 those things. There will be some tenant improvements
20 inside that we'll be responsible for. I don't have
21 a number for that yet. They're working through
22 that. So I'm hopeful very soon that they will come
23 back to me, and we'll have some conversations what
24 that will look like going forward.

25 There will be four staff initially assigned to

1 Mule Creek, a Superintendent II and three Prison
2 Industry supervisors. As Chuck mentioned, the
3 initial workforce will be 65 offenders. If we grow
4 to different institutions or add more institutions,
5 I should say, there is the ability to add another 35
6 offenders to that program. I will mention that
7 there will be no diminishment of jobs at Corcoran.
8 So while we're transferring that excess workload
9 over, we're not diminishing any of the jobs down
10 there.

11 There is three areas that we're going to
12 benefit from. Certainly transportation and
13 distribution. Transporting stuff to Northern
14 California is certainly expensive. We have our
15 vendors now transporting to Corcoran. We package
16 there, and we transport throughout the state.
17 Another reason is that if we transport to Mule
18 Creek, we will package it there and service the
19 Northern California institutions.

20 So a couple things I want to mention. One is
21 that it's not just a factory at Corcoran that is at
22 a busting point. The infrastructure and
23 distribution at the warehouse is also at critical.
24 We struggle to keep things going out of there.
25 Corcoran has a large mission. It is also our

1 central procurement warehouse for all of our
2 clothing. That takes up a lot of space, as well.

3 The offenders themselves will be going through
4 our certification program. All will be required to
5 have a GED, like the rest of our programs. So they
6 will be trained in shipping, receiving, food
7 handling, safety, equipment operation, maintenance,
8 inspection, quality management, testing and
9 inventory control. In addition, they also are
10 required to go through the ServSafe program. So
11 they will be ServSafe Certified when they get out.

12 Right now we're looking at the private sector
13 impact. What we looked at was the food processing
14 industry out there. And in California it's about a
15 \$63 billion industry, with 13.5 million individuals
16 involved in that industry. It appears that it will
17 have a 10 percent growth, according to the National
18 Restaurant Association, between now and 2014, and
19 over 4,800 job openings in California, specifically.

20 The other thing that we will impact the
21 private sector on is we will certainly continue to
22 buy a lot of materials from the private sector.
23 We're anticipating about a \$10,000,000 procurement
24 through California's own businesses through this
25 program.

1 We did have a public hearing at Mule Creek on
2 November 19th. There was no public testimony in
3 support of the item. There was opposition by some
4 of the folks representing small business groups.
5 And their opposition -- part of it was just getting
6 some clarification. They wanted to know what we're
7 doing. They were saying there was a concern about
8 us doing sliced lunch meat at Mule Creek, if that
9 was in our plan. And we were on record there. Mr
10 Pattillo stating that was not currently one of our
11 plans to do that. They also requested that we
12 interact with them. So we took them up on that.

13 There was a meeting at DGS on December 14th
14 where we met with the representatives again and
15 went over what concerns they had and talked about
16 the program and answered questions they had, and
17 asked them -- from our perspective sitting here, we
18 don't see that there is an impact out there by
19 moving this, a negative impact to the private
20 sector.

21 We've been pretty up front in the past. If
22 there is an impact, we try to identify that and make
23 sure you guys are all aware of that. So part of
24 your decision making process. We have not
25 identified an impact. As part of that meeting we

1 asked them, if we missed something, by all means
2 bring it back and let's talk about that, because
3 right now we don't believe there is. We have not
4 heard of any impact as of this meeting. I know some
5 of the folks are in the room, so we will wait to
6 hear from them.

7 That kind of concludes my presentation. I
8 would be glad to answer any questions you may have.
9 I urge you to approve this action item.

10 MEMBER ALEGRIA: What is the real limit for
11 this process we do right now?

12 MR. WALKER: 25,000,000.

13 MEMBER ALEGRIA: We're not asking to
14 increase that at all?

15 MR. WALKER: No.

16 MEMBER ALEGRIA: If we were to increase,
17 we'd have to come back and have a regular meeting
18 and be advised?

19 MR. WALKER: Correct.

20 MEMBER MASTELLER: Are there any contracts
21 with the public at Corcoran that will suffer as a
22 result of the transfer or share of work between the
23 two prisons now?

24 MR. WALKER: I'm not sure I understand the
25 question.

1 MEMBER MASTELLER: I'm trying to think
2 about what the impact on the public action there is.
3 And there isn't an impact that you've identified at
4 Mule Creek. But what about where we've been doing
5 it so far, is business going to be leaving?

6 MR. WALKER: No. We anticipate sourcing
7 with the same vendors we're sourcing, if that's your
8 question. We're not going to quit buying from those
9 vendors and go find other ones. If during the
10 process, as we go through this thing, if and when we
11 go out to bid for a contract for those products,
12 obviously, we'll go out for best value. That would
13 be the basis for the change. But right now, as we
14 sit here, we're not talking about abandoning a
15 vendor, for lack of a better term, and finding
16 another one up here.

17 MEMBER STEEB: You mentioned that Mule
18 Creek actually approached us to ask what kind of
19 enterprise you could bring to them because they
20 needed more inmates being trained. I'm assuming you
21 looked at other business opportunities?

22 MR. WALKER: We did. We looked at a bunch
23 of things. This is one of the ones that -- again,
24 the repackaging of our stuff into box lunches just
25 explodes. Literally, we went into this thing

1 thinking that we were going to do 250,000 units a
2 month, which is a lot. We're up north of 600,000
3 now. And it's the limit of Corcoran. The warehouse
4 and distribution parts, that has limits. We needed
5 some relief there. We looked at some other
6 opportunities.

7 One of them talked about minimum serving was
8 the poultry processing at Avenal and potentially
9 moving that up there. We have been able to work
10 well with the warden down there and alleviate some
11 of that minimum stuff. It's outside the secured
12 perimeter, and there is no minimum support facility
13 at Avenal. So a real challenge. The warden down
14 there, Carl Wofford, has done a tremendous job. We
15 have more offenders out there working in that
16 program now than we've had for years.

17 So, yeah, we've had to look at what was out
18 there and what made the most sense for us.

19 MEMBER STEEB: You mentioned there was a
20 revenue cap of \$25,000,000, but there was potential
21 for us to do more business by --

22 MR. WALKER: Right. There's a potential
23 for us. Right now we're at about 19 or 20. Right
24 now we have 19 or 20 of the 35 institutions for box
25 lunches.

1 MEMBER STEEB: About \$5,000,000.

2 MR. WALKER: We've got plenty of revenue
3 cap in there to continue with that process if and
4 when they want to come to us.

5 MEMBER STEEB: How many new training
6 positions currently?

7 MR. WALKER: Sixty-five, initially.

8 MEMBER TRUJILLO: Scott, as the union
9 representative on this Board, my concern is: Is
10 there going to be any impact on private sector
11 workers who make a livable wage and benefits in this
12 move?

13 MR. WALKER: We have not identified any.
14 Again, we're not going after any contracts. We're
15 not talking about changing vendors. I have not
16 identified any impact in the private sector to union
17 members or otherwise. I have not.

18 MEMBER TRUJILLO: The reason I ask, we had
19 a public hearing in Corcoran, I believe, and we had
20 representatives from the Bakers Union, the Teamsters
21 who were going to lose jobs regarding that. So I
22 chaired that public hearing, and I came back to the
23 Board and recommended that we not do that because it
24 would impact a lot of public sector jobs paying
25 living wages and benefits.

1 MR. WALKER: I take it back, my comment. I
2 guess it will impact SEIU employees by adding an
3 additional three members. A good thing, I guess.
4 But beyond that, it's a little bit different than
5 what we did down there. This is basically
6 transferring some of the work from this location to
7 spread it out so we have a little bit more cushion
8 and some redundancy.

9 MEMBER TRUJILLO: Thank you.

10 MR. PATTILLO: Couple things I can add.
11 We're not asking for a revenue increase. We have no
12 plans at this facility for, and I'll say, at this
13 time, because things can change, from doing a sliced
14 meat product. We're not selling -- our box lunches
15 are peanut butter and jelly box lunches. So all of
16 our own product. There's a couple -- the Teamsters
17 did -- when we ask people for testimony on these, as
18 you know when we do a public hearing, we ask them to
19 send back how are you impacted, what's your
20 contract, what is the amount of your business. And
21 we didn't get a lot of that at this time. We got
22 some kind of very gray responses. Not being very
23 exact.

24 The most exact one I got back was from the
25 Teamsters Union. So I want to address that. And it

1 was actually very broad from the Teamsters. And he
2 specifically asked me: This affects us? I have a
3 teamster, Lang Lloyd [phonetic] out of Bay Area,
4 excuse me, the Central Valley. He wanted to know if
5 we would affect imitation maple syrup in five-gallon
6 pails. We don't do that. We're doing small
7 packets. We do some of that. The other ones are
8 butterscotch, lemon and vanilla gelatin and pudding.
9 We don't do that. Cherry -- dried bakery mixes. We
10 don't do that. Mayonnaise. We have the capability,
11 but we don't do that. We actually have no capacity
12 on our wet line. Shorthand oil, margarine and grill
13 oil.

14 I think Mr. Broad is here, but I want to
15 address it on the record. It's not for the
16 Teamsters. We're not doing any of those specific
17 ones. As far as doing the sliced meat, we're not
18 doing that either.

19 MEMBER MASTELLER: One more question.
20 Right now Mule Creek is getting their box lunches
21 from Corcoran?

22 MR. PATTILLO: Yes.

23 MEMBER MASTELLER: They are distributed by
24 CALPIA drivers.

25 MR. PATTILLO: Yes.

1 MEMBER MASTELLER: There is absolutely no
2 change except we are going to eliminate that
3 driving, essentially?

4 MR. WALKER: Eliminate some of that.

5 MEMBER MASTELLER: At CALPIA level, not on
6 the public level?

7 MR. PATTILLO: We are not affecting the
8 public distribution. We use entirely our own
9 distribution system and we do contract out.

10 Another comment. Contract discussion I had
11 with the Teamsters, that we need them to bid on more
12 of our outside contracts. Right now we're going to
13 private firms because folks aren't answering our
14 bid. People think we're too small, and that's kind
15 of what is going on. I understand that.

16 MEMBER STEEB: One other question. Are
17 there some potential savings to the current
18 facilities that we can't service because we don't
19 have -- they have to hire staff to produce these
20 lunches?

21 MR. PATTILLO: That's always been the case.
22 And right now we can't even address all the
23 institutions as it is. The biggest savings is
24 actually going to be the carbon footprint and the
25 dollars associated with that, with reduction in

1 trucking. We have three warehouses - lower, central
2 and the south - where we cross-stock everything. We
3 would just maximize our use of this facility down
4 here which would actually be reduced from 113,000
5 square feet to 66,000 square feet.

6 CHAIR BEARD: Any other Board comments?

7 Thank you for presenting that, Mr. Pattillo
8 and Mr. Walker.

9 We do have five individuals who want to make
10 comments about this. We'll start with Mr. Barry
11 Broad. If you would come up and identify your
12 affiliation and give us your comments, sir.

13 MR. BROAD: Good morning, Mr. Chairman and
14 Members of the Board. I am the executive director
15 of the California Teamsters Public Affairs Council,
16 which represents --

17 (Break for microphone problem.)

18 My organization, the Teamsters Public Affairs
19 Council, represents all the teamster locals in the
20 State of California on issues related to public
21 policy and politics, and all that stuff. This area
22 that you are dealing with, food processing, is a
23 core industry of our union and, therefore, this is
24 an area of extraordinary sensitivity to our union in
25 terms of issues or areas that the Prison Industry

1 Authority might involve itself.

2 On or off over the last 30 years I've been
3 doing this. We've had our issues. They have always
4 been around our core industries, such as waste and
5 recycling. A big one a few years ago. This is an
6 equally important area. I have looked at this
7 issue. As it stands today, I agree with
8 Mr. Pattillo that the Mule Creek proposal does not
9 directly affect our members.

10 However, the anxiety, and I think you have to
11 understand the anxiety that is how people work in
12 this world, is off of fear sometimes. And,
13 therefore, the anxiety here is that -- and there is
14 a feeling that this has happened in the past, that
15 this kind of proposal starts out as something small,
16 then expands into something bigger.

17 Therefore, that is why I asked about these
18 nine contracts, procurement contracts, our contracts
19 that are fulfilled by our members. I appreciate
20 Mr. Pattillo saying on the record today that there
21 is no intention at this point. And I understand
22 that he can't commit to the forever. I wish he
23 could, but he can't commit forever there will be no
24 impact. However, should that change, I will be back
25 here with both guns, all guns and everything else

1 that I can bring, blazing because my job is to
2 protect every last job that my members do.

3 And in this area, food processing, we're
4 talking about jobs that belong -- that are generally
5 held by women, minorities, immigrants, people
6 entering the workforce who have jobs in an area that
7 is semi-skilled or unskilled, where they're getting
8 a livable wage. They're getting health insurance.
9 They're getting pension. That's something that this
10 economy doesn't produce as much as it used to and as
11 much as we want. And this economy that we're in
12 right now, we're in the middle of a wide, but very
13 soft, recovery. People are very anxious about their
14 jobs.

15 So I would hope that this commitment is a --
16 or this commitment or this intention, actually,
17 becomes a commitment and I do not have to be back
18 here, you know, with my hell raising hat on.
19 However, Mr. Patillo has been very gracious in
20 talking to me, very forthright. And I am in the
21 trust but verified mode.

22 So with that, I will say we have no opposition
23 to this proposal going forward, but please listen to
24 my message. Thank you.

25 CHAIR BEARD: Thank you.

1 MEMBER KELLY: I would just like to tell
2 you, as the other union representative on the Board,
3 that there is an opportunity that Mr. Pattillo spoke
4 of. I would hope that you would be a hero and go
5 out and put some more brothers and sisters to work.
6 The Board would be very proud of you, if do that.

7 MR. BROAD: Appreciate that.

8 CHAIR BEARD: The next individual speaker
9 request is Mark Nobili.

10 MR. NOBILI: Thank you, Dr. Beard. I am
11 Mark Nobili. I represent Harvest Farms. Actually,
12 I have a second hat. Adam Loveall of the UFCW 8,
13 United Food and Commercial Workers. They represent
14 our employees. I believe everybody but management.
15 He called me this morning. He's sick, couldn't be
16 here today.

17 He did want me to state for the Board,
18 consistent with his testimony at the public hearing,
19 that they are also in -- they do have some concerns
20 of what potential for the equipment and for the
21 services at Mule Creek could turn into, which would
22 make we believe, possibly negatively, impact the
23 employees of Harvest Farms. It's about 80 -- it
24 fluctuates, depending on the contracts, roughly
25 about 80 employees down there, between 80 and a

1 hundred. Almost all are women. They predominantly
2 work there for the benefits. Many have worked there
3 for generations. They are all represented by the
4 UFCW. He is very concerned about that. He'll be
5 here at the next hearing, if there ever is one.
6 Hopefully, there isn't.

7 Switching to the Harvest Farms' position, and
8 Brett Nelson will testify directly for a little bit
9 of brief comments, also.

10 Our biggest concern, and we did testify at the
11 public hearing that that was just a concern.
12 Because they were very clear that they have no
13 intention at this time for the next 24 months to
14 expand into the line of business that is left at
15 Harvest Farms.

16 We are very worried that this is replaying an
17 action that happened with the PIA in the past. And
18 this is a letter from - I can get extra copies of it
19 - from the Inspector General several years ago to
20 the agency Secretary regarding a complaint that had
21 been filed. It was mostly process for a line of
22 business that the PIA had gotten into. And the
23 agency Secretary at the time, or the Inspector
24 General at the time, was a gentleman by the name of
25 Matt Cate, who became the agency Secretary.

1 The issue at the time had been around peanut
2 butter and jelly and the packaging that PIA does.
3 What had happened, oversimplifying a little bit, but
4 PIA got into the line of business and an accusation
5 was made that there was not a public hearing. There
6 was not notice given. And so they filed a
7 complaint. I believe it was with the Attorney
8 General's office. Nothing happened with the
9 Inspector General's office. This letter is a result
10 of that.

11 What the Inspector General's office found was
12 that there really wasn't a public hearing at the
13 time. During the process of the Inspector General's
14 review, they found that they did subsequently have a
15 hearing specific to the line of business. And the
16 reason they found that there hadn't been was that it
17 was too general in nature. They hadn't notified the
18 specific company that provided those services that
19 they were getting into it.

20 And their specific announcement was the
21 announcement that they had sent out to the public
22 only said food and packaging enterprise. Something
23 that is kind of an ongoing complaint that people
24 have. If, procedurally, some clarification can be
25 put into some of the agenda items ahead of time so

1 the general public is aware of what they're
2 specifically getting into. It's not critical right
3 now, but I think in the future is we're worried
4 about Mule Creek expansion. We're worried we're
5 going to get dumped. And at the last minute there's
6 going to be a public hearing notice, and ten days
7 later there's a hearing and we don't have time to
8 actually defend ourselves.

9 The argument is we've spent the money. We've
10 already built it. We've got the capacity. Hey, why
11 don't we just start doing some moving into the
12 sliced lunch meat program. I get it's a fear. I
13 get it that they don't have any plans right now, but
14 that is the fear.

15 The second part of the letter that Inspector
16 General Cate wrote to the agency Secretary - and
17 I'll read a couple things here - was specific to
18 spending the money on equipment without telling
19 people specifically why they're buying that
20 equipment.

21 And what Mr. Cate had said was that's bad
22 policy. He said while the PIA's acquisition of the
23 machinery prior to official project approval does
24 not appear to be in violation of the law, it does
25 represent poor policy. The Inspector General

1 recommends that in the future PIA and the PIA Board
2 refrain from committing resources to a proposed new
3 enterprise until after that enterprise has been
4 given official approval.

5 Again, echoing Mr. Broad's words, we work out
6 of fear. It is something that happened in the past.
7 There was an agreement put in place with this Board.
8 I think almost the identical Board. At one point,
9 probably a year ago, maybe a year and a half ago
10 that, while we used to make peanut butter and jelly
11 sandwiches in a box meal, we would give up the
12 peanut butter and jelly sandwiches, and then
13 anything that had sliced meat or would be in a box
14 lunch with sliced meat, we would continue to do.

15 It makes us very nervous when we think we have
16 an agreement here. We are not going to do anything
17 for 24 months or 20 months, and then some of those
18 are specific numbers that we actually heard.

19 So, with that said, there's not a proposal in
20 front of you specifically to get into this. We
21 would ask that we don't get cut at this bait and
22 switch where you go build over capacity, most
23 likely, and then a year from now or two years from
24 now the Board is then given a request to allow them
25 to get into what we believe would be a violation of

1 the spirit of an agreement that we had that allowed
2 us to exist and allowed those women to keep their
3 jobs. Again, the proposal is not before you. That
4 is our concern, and that is what we want to voice to
5 you guys.

6 Thank you.

7 CHAIR BEARD: Thank you.

8 Comment.

9 MEMBER KELLY: Mr. Pattillo, we have an
10 agreement today with those folks?

11 MR. PATTILLO: We have -- actually, there
12 is not an agreement specifically with the PIB and
13 Harvest Farms. There could never be an agreement
14 between yourselves and a vendor to say that they can
15 have this business. It doesn't work that way.

16 What the Board discussed was that they would
17 withhold approval for us to do box lunches, I
18 believe, with sliced meat until there's been another
19 hearing on that issue. There was no mention of a
20 specific vendor. The vendor came to talk.

21 I want to address a couple other things,
22 Mr. Kelly, if I could.

23 Mr. Loveall from the United Commercial Food
24 Workers did not address the public hearing. He did
25 attend. He did not testify. His question to me

1 was, he came in the room and asked, "Are you doing
2 sliced meat?"

3 I said, "No. We're not planning on doing
4 sliced meat, but I can't make that promise longer
5 than 24 months."

6 He said, "Okay I don't have an issue then.
7 Tell Ray Trujillo hi."

8 That was his message to me as he went out the
9 door. He didn't get to testify in the hearing.

10 The second part, the Inspector General, that
11 was based on something I requested to this Board and
12 had our general counsel write two letters. One to
13 the Inspector General and one to the Attorney
14 General to investigate all the claims. While there
15 wasn't a complaint, there was us pushing it forward.
16 These people are complaining. Please evaluate.
17 That was Secretary Silton. He did say that it was
18 poor policy for us to commit to equipment prior to
19 getting complete Board approval.

20 Out of that poor policy, that is why we're
21 doing this process here, where we're approving it
22 steps at a time. We're not committing any
23 additional time to do hearings or whatnot. But
24 equipment purpose won't be made until nearly June
25 30. I requested June 30th. That is kind of the

1 layout that we have on that.

2 MEMBER MASTELLER: With respect to what the
3 last speaker, Mr. Nobili, mentioned. You know, in
4 the process of the sliced meat and lunch box prices
5 that we had a year and a half ago, if you can call
6 it a crisis, the issue, there's a lot of put on what
7 the Board is supposed to do and the notice and the
8 hearings, and the opportunity that Harvest Farms
9 would have to respond and to object or to be part of
10 the concept. And I think it is important to note
11 there are two institutions working on this.

12 So rather than just saying, "Okay, Board, be
13 warned. We're going to come back and do what we
14 have to do to protect our employees," which I
15 appreciate, it's also important that Harvest Farms
16 takes the steps that they need to take. They need
17 to watch. We have a website where we post hearings,
18 where we're talking about what we're doing. There
19 could be communications with Scott or some of his
20 staff at the level where they need to talk about
21 what is happening in 12 months, 15 months, 18 months
22 and 24 months, whatever it happens to be. It's not
23 just one-sided.

24 I recall the frustration the last time we were
25 at the hearing, and we had some public speaking

1 because there was no action taken on Harvest Farms
2 to do what they needed to do to protect themselves
3 and their contract in advance. And we were blaming
4 PIA, which was inappropriate at the time. There
5 needs to be active participation on both sides. We
6 need to notice, and we need to give an opportunity
7 in advance of a change. And they also need to
8 actively look for that communication and see what
9 they have to do to protect themselves up front.

10 I just want to say that for the public that's
11 here because it's not so one-sided as it sounds.
12 The Board is very aware of the employees, and we
13 have given great consideration to make sure that we
14 don't step on toes.

15 MR. PATTILLO: There is also some
16 tentativeness for some of the vendors out there.
17 There is no active contract right now that people
18 are taking place on the contract. We've encouraged
19 both CDCR and Department of General Services to go
20 forward in getting that contract specific for the
21 product that they're producing. If there is an
22 actual contract for folks, then they have a
23 competitive discussion regarding that contract.

24 We've said during that first competitive
25 round, we will not be part of that discussion.

1 What the Board actually agreed to was they will let
2 one contract go and then we'll go from there. The
3 contract hasn't been developed or let. So I am back
4 to encouraging CDCR and DGS that they kind of do
5 that. I don't --

6 Has there been any movement on that, Ray?

7 MEMBER. TRUJILLO: No.

8 MR. PATTILLO: So that's an issue pushing
9 forward.

10 MR. NOBILI: If I can just respond to that.
11 One of the things Brett said when he talks about it
12 is actually what we have done. And what we've done
13 actually benefited the Board and is, in an odd way,
14 rising to this need. He'll address that.

15 The other thing is we are here today not
16 because your agenda told us that somebody was
17 getting into the actual, exact kind of equipment
18 that is used for the rest of our business. But
19 because we are staying on top of these things. The
20 notice just says food and packaging. That is a very
21 big, broad thing. We have to stay on top of this on
22 our own in order to find out these things are
23 happening.

24 And the reason I bring it up with the
25 Inspector General's office, there is a legal side to

1 this - what constitutes proper notice. I don't have
2 that requirement in law. The Board has it in law.
3 So we do do everything we can to stay on top of it.
4 We wouldn't be here if we didn't. It just says food
5 and packaging. It's the exact same statement that
6 the Inspector General's office said was not enough
7 to constitute public notice legally.

8 I am not -- I hope you don't see this as us
9 saying, "We don't have to do anything." This is
10 what they say the law is, and his legal opinion was
11 that it doesn't constitute public notice to simply
12 say "food and beverage packaging." That is kind of
13 where our position is on that. I'm not trying to
14 say we shouldn't have to do anything; you guys
15 should be doing everything. That's somebody else
16 who actually said that that doesn't constitute
17 public notice.

18 In Brett's address, kind of what's driving
19 this demand and what hopefully will never be a sad
20 story of us creating a capacity for you guys to take
21 over the rest of our business. But he can talk
22 about what we've done that's actually benefited PIA,
23 that we believe is in the spirit of an agreement.

24 We can wordsmith this to death. We're talking
25 about an agreement that was in place, that the

1 spirit of it was you can live and give, and we've
2 lived and gived. And what our fear is that that was
3 not what's going to play out with this equipment
4 that is being purchased. I won't come back. Brett
5 can address the rest.

6 MR. PATTILLO: On the issue of the Inspector
7 General's report, as far as notification, we have
8 met all our requirements for notification. Our
9 notification is specific, is consistent with what
10 the Secretary said. At the time it was different a
11 product. We're talking about replicating what we
12 already do, which is food and beverage packaging.
13 We have met all the requirements, not only in the
14 spirit of what the Inspector General has said. One
15 of things, I do keep in touch with Mr. Cate to make
16 sure I'am not going afoul of that, and our current
17 Inspector General.

18 MR. WALKER: Let me also add, we also,
19 additionally, try to identify any company, vendors,
20 out there that participate in this and send them
21 notice directly. I believe we did that with Harvest
22 Farms as well this time, to make sure that everybody
23 has an opportunity to come to the table.

24 MR. PATTILLO: And they also subscribe to
25 our direct email feed.

1 MEMBER TRUJILLO: Mr. Secretary, I would
2 like to make a comment for some of the newer Board
3 Members.

4 I believe it was a year and a half, maybe two
5 years, when we first had an encounter with Harvest
6 Farms. At that time they testified about the jobs
7 and benefits in the Central Valley. This company is
8 located in Lancaster.

9 So I took it upon myself to ride down
10 unannounced and met with the management and asked if
11 I could do a tour and talk to the workers there,
12 which I did. And I found out there are a lot of
13 them - mostly women, a few single mothers - had been
14 working at this Harvest Farms for quite some time.
15 Some had relatives who also worked there, like a
16 father or mother. And so, anyway, I came back and
17 let the Board know. So this is just for some of the
18 newer Board Members.

19 They do pay a livable wage with benefits.
20 They even had some members come up and testify at
21 one of our hearings. So, at any rate, just want
22 some of the newer Board Members to realize that they
23 pay livable wages and benefits. And in the Central
24 Valley it's kind of unheard of.

25 CHAIR BEARD: Thank you.

1 Okay. The next speaker is Brett Nelson.

2 MR. NELSON: I am Brett Nelson. I own
3 Harvest Farms. If I could put a little bug in the
4 office, it would be great. I stay on top of every
5 notice partly because of the fact that we, even
6 though it's satisfying all legal requirements -
7 ten's day notice to rouse the troops and protect
8 ourselves is not a lot of time. We try to stay out
9 in front, in front of PIA, because it can cause us
10 our business. We do stay on top of it as much as we
11 can.

12 As far as the agreement, we had a tenuous
13 Board meeting about a year and half, two years ago.
14 At that time the Secretary, Mr. Cate, asked us to
15 get a subcommittee together and see if we can't
16 co-exist. We did that in good faith. And we looked
17 eyes in eyes and we shook hands with Mr. Walker and
18 Members. And we felt we had an agreement. We felt
19 we had agreement. You can do these things, and
20 we'll do these things, and we won't battle anymore.

21 It would be great if someone on this Board
22 would say, "Sure, go ahead with Mule Creek and add
23 to it. We won't do box meals with lunch meat or
24 sliced lunch meat."

25 If that's what you intend to do, then there is

1 no reason to not put it in writing. When we handle
2 business in our world, if I go to a vendor and say,
3 "I'm going to buy bread from you," we have an
4 agreement. We have a contractual agreement, and we
5 do. I'll buy the bread. I send you a check. You
6 send it to me.

7 So if we have an agreement, there is no reason
8 not to put it in writing. There is no reason not to
9 put it in writing if you don't intend to do it.

10 As Mr. Walker said, you started off with about
11 250,000 peanut butter and jelly box meals, 360,000.
12 The reason that that grew was because every time
13 Harvest Farms got another facility on box meals and
14 solicited that sale, successful in getting that
15 facility to box meals, PIA picks up two of them on
16 our effort. I feel we are a good partner and good
17 asset to PIA. We've grown your business.

18 Now you're at capacity because of the fact
19 that we've been successful at growing the business.
20 It's interesting that what we do with 30 employees
21 doing five meals, PIA does two meals using 150
22 employees. We are very efficient at what we do. We
23 do a very good job of it. Currently, the peanut
24 butter and jelly part of the business would
25 replicate 31 percent of our business. We feel

1 that's a very generous part of the partnership.

2 Our biggest concern is we have two parts to
3 our business. Sliced lunch meat is one part. Lunch
4 meat box meals is another part. We want to protect
5 both of those pieces of our business. The PIA is
6 actively trying to get the sliced lunch meat
7 business for about ten years. That's the core of
8 our business. If we lose that, we can't produce our
9 lunch meat box meals. Lunch meat box meals is about
10 three-quarters, just under three-quarters of our
11 business. We don't want to lose that item. We are
12 all union, except the drivers and office staff. Our
13 employees are all union employees with benefits. We
14 are very protective of our employees.

15 As Mr. Trujillo said, most of our employees
16 have lived and worked with us for over five, ten
17 years. We have many, many long-term employees. We
18 are very protective of our employees. That's why
19 our concern is being stated today. We would like
20 PIA to say, "No, we're not going to go into sliced
21 lunch meat. We're not going to take over the lunch
22 meat box meals."

23 You're at capacity now. We're still growing.
24 You guys have enough to do just keeping up with us.
25 There's no reason to go out and take more of the

1 business than you're already over capacity of what
2 we're bringing to your table already.

3 I just want to go on record as saying, if it
4 is your intention to not go into those things, then
5 feel free to add that to your motion and language
6 and vote on it. We will rest easy tonight. We,
7 obviously, can't just trust that we don't intend to
8 or not at this time, a noncommittal language. If I
9 intend to not do, I'll say I will not do it. Signed
10 Brett Nelson. So, in my opinion, if that's your
11 intention is, put it in writing.

12 Thank you.

13 CHAIR BEARD: Thank you.

14 Any comment?

15 MEMBER TRUJILLO: I have a comment,
16 Mr. Secretary.

17 Mr. Nelson, how many employees do you employ?

18 MR. NELSON: We are close to a hundred
19 total. About 80 of those are union, and even our
20 temp help, we have to hire temp help in fluctuation
21 of business, we go through the union on those. The
22 ones that are not union are the drivers and office
23 staff because they don't have a position, union
24 position, in our union for those. Otherwise, all
25 the rest of our employees are union employees.

1 MEMBER TRUJILLO: The ones that are
2 nonunion, are they making a living wage and
3 benefits?

4 MR. NELSON: Yes.

5 MEMBER TRUJILLO: How many are not
6 classified as union of the 80?

7 MR. NELSON: No, about a hundred. There
8 are 20 that are office and drivers. Eighty percent
9 are union; 80 other employees are union employees.

10 MEMBER TRUJILLO: Two years ago how many
11 employees did you have?

12 MR. NELSON: We had close to -- we have
13 grown a little bit because of box meals. Takes more
14 employees. Peanut butter and jelly, for instance,
15 we have 15 more employees had we had the peanut
16 butter and jelly part of the contract. The current
17 -- what PIA does, we would have to add 15 more
18 employees, 15 to 20 employees, to handle that
19 business. We look at about 15 to 20 percent
20 employee loss on the peanut butter and jelly portion
21 of our business.

22 MEMBER TRUJILLO: If they were brought
23 back, they would all be making a living wage?

24 MR. NELSON: Oh, yes.

25 MEMBER TRUJILLO: Thank you.

1 CHAIR BEARD: Our next speaker is Phil
2 Vermeulen.

3 MR. VERMEULEN: Good morning. My name is
4 Phil Vermeulen.

5 CHAIR BEARD: Sorry.

6 MR. VERMEULEN: Don't worry. It's like
7 Smith and Holland.

8 I represent the Coalition of Small and
9 Disabled Veterans businesses. First and foremost, I
10 want to echo the remarks of my colleagues who have
11 spoken. We have deep concerns. At Mule Creek I
12 spoke and had said that I was very concerned about
13 the lack of notice that was ten days. And, also,
14 falling in between that was Veterans Day and all of
15 that. Interesting.

16 I went this morning to the website, PIA
17 website, clicked on it, and I gave Phyllis a copy of
18 the printout. You can't read it; it's not a public
19 notice. You should take a look. I would urge you
20 to go on PIA's website and click on meeting notices,
21 and it's gobbledygook. That is something that needs
22 to be corrected. So in terms of our given proper
23 notice, I would argue no.

24 Having said that, we, too -- I represent as
25 one of my members Lang Lloyd. That company was

1 mentioned earlier as having lost business, and they
2 have. They have lost a substantial amount of
3 business through the years. We are at a juncture
4 now with the realignment of prisoners -- I know it's
5 related, so I want to bring this up. With
6 realignment you've lost 40,000 prisoners. Prop 47
7 is going to have dramatic impact.

8 Interesting, in *Reuters* this morning and in
9 the *San Francisco Chronicle* two different articles
10 talking about the loss of prisoners to the fire
11 lines as a result of Prop 47 and realignment; and
12 they're going to have a significant void as a result
13 of that. My argument being, now with realignment so
14 many of these prisoners are going to the county
15 level. Is the mission changed dramatically to what
16 you're doing?

17 My pledge at Mule Creek was let's work
18 together with my members and my colleagues' members
19 to be able to come up with programs that truly do
20 train these people and put an end to a meaningful
21 skill out in the sector. If all of a sudden that's
22 changed and it's the county, who's out there?

23 Interestingly, I flew down with the former
24 warden of Folsom two weeks ago to San Diego. We had
25 a big, long discussion. He said their priority -

1 first, second and third - when he was warden and
2 still is for prison in California - are the fire
3 lines. PIA and the supply of prisoners to PIA is
4 down effectively, big time.

5 Again, I go back to: Who is doing this work?
6 What meaningful work is it? Let's look at the
7 mission. Let's work together and come up with
8 something that works and is a win-win for everybody
9 without taking meaningful jobs away from the people
10 out there.

11 So, with that, I'll be brief. Thank you very
12 much for the opportunity to speak today. Happy
13 holidays.

14 CHAIR BEARD: Thank you.

15 Comments?

16 MEMBER TRUJILLO: Mr. Secretary, as a
17 former Board Member for Sacramento Metropolitan Fire
18 District for ten years, you mentioned firefighters.
19 I don't know why we are training firefighters
20 because they'll never get a job firefighting.

21 MR. VERMEULEN: In this article it was
22 talking about there 4,300 prisoners we used this
23 year. This is large -- I would be happy to provide
24 you with this. That represents over half of the
25 fire line for all the fires that are being fought.

1 MEMBER TRUJILLO: Maybe I need to direct my
2 question to Mr. Pattillo. Why are we training
3 firefighters when they can't get a job firefighting?

4 MR. PATTILLO: They can't get a job
5 firefighting, and Ms. Woodford will notice staff on
6 this. There is very few of them that have.
7 Ms. Woodford has personally stepped in on a couple
8 folks. One of them now a captain who was a former
9 female firefighter.

10 We have -- let me back up a little bit on the
11 firefighter. That mix of inmates coming back
12 doesn't affect any of the prisoners at Mule Creek.
13 This is not a minimum support operation we're
14 talking about. Inmate firefighting is a backbone of
15 this state. I just had this conversation with the
16 Secretary yesterday. But you're accurate. If they
17 go through that training, they will not be able to
18 get on as firefighters, in very rare cases.

19 Do we have the ability to absorb some of that
20 4,300? Absolutely. I tell you working on farm or
21 working in some other construction or CTE programs,
22 that probably will get them a lot farther than
23 working in the firefighting. But that is what we
24 have to do to save the state. That's how we do it.
25 The other option - we talked about with a couple

1 Board Members - is the Conservation Corps has the
2 ability to backfill some of that. So I hope that
3 they start looking at that. We're talking about the
4 juvenile facilities that we've got. We've a very
5 small juvenile, a smaller juvenile firefighting kind
6 of inmates that we have. They're a good crew;
7 they're a little different. But I know Mr. Saito,
8 and you may want to chime in here, you run the
9 entire L.A. Basin on that. Your firefighters could
10 definitely backfill any loss of the firefighting.

11 MEMBER SAITO: There are a lot of potential
12 opportunities for using the Conservation Corps group
13 to do the firefighting. Absolutely.

14 MR. PATTILLO: We're talking about 4,300
15 folks. I can guarantee you that there's 4,300
16 youths between 18 and 25 that would could be
17 absorbed into the firefighting program, very easily.
18 I also know that the Secretary is involved in some
19 of the talks, that the agency is talking about doing
20 those kinds of switches. I'm talking about the
21 resource agency.

22 And I actually talked with the Conservation
23 Corps director yesterday and the day before. That
24 this is something that they are talking about again.
25 I'm very familiar with. I actually wrote the

1 original proposal 15 years ago when I worked with
2 the Legislature.

3 I hoped I answered your question.

4 MEMBER TRUJILLO: You did.

5 MR. PATTILLO: Did I miss anything to that?

6 MEMBER SAITO: No. Right on.

7 CHAIR BEARD: The final speaker is Lori
8 Kammerer.

9 MS. KAMMERER: Thank you, Chairman Beard.
10 That was very well pronounced. I am Lori Kammerer.
11 I am the governmental advocate for Small Business
12 California. We represent about 5,000 small
13 businesses in California. I'm not going to come up
14 with anything new that you haven't already heard.

15 We are -- our membership, a lot of them, are
16 private sector, and we have several who are also
17 union employers, small businesses.

18 I think that everyone has made it very clear
19 that we will be watching with a microscope to make
20 sure that there isn't any expansion in areas that
21 would affect our members.

22 So thank you very much.

23 CHAIR BEARD: Thank you.

24 Any comments from the Board before I ask for a
25 motion?

1 MEMBER SINGH: Thank you, Mr. Chairman. I
2 actually commend the Harvest Farms. They are doing
3 a very wonderful job. But 63 billion processing in
4 California, and this is less than 100 percent what
5 we're asking. And I don't know what is going to
6 make any difference.

7 And I truly agree with the small business. I
8 have been president of the Council in San Francisco
9 which represents 18,000 small and big businesses. I
10 know the board or directors. I agree with a lot of
11 the things, but I don't think it is going to make
12 too much difference for that, such a small
13 percentage.

14 CHAIR BEARD: Thank you.

15 Any other comments?

16 Is there a motion?

17 MEMBER KELLY: I would like to make a
18 motion that we approve the addition of food and
19 beverage packaging in Mule Creek State Prison.

20 MEMBER MASTELLER: I second.

21 CHAIR BEARD: All in favor.

22 Opposed.

23 Vote is unanimous.

24 MR. PATTILLO: We actually have to have a
25 roll call vote.

1 CHAIR BEARD: We'll do a roll call.

2 MS. GUARE: For the record, I would like to
3 apologize to Board Member Alegria. I did not state
4 his name when taking the original roll. Board
5 Member Alegria is here. Now I will take the roll
6 vote for Item A.

7 Member Alegria.

8 MEMBER ALEGRIA: Yes.

9 MS. GUARE: Member Almanza.

10 MEMBER ALMANZA: Yes.

11 MS. GUARE: Member Kelly.

12 MEMBER KELLY: Yes.

13 MS. GUARE: Member Masteller.

14 MEMBER MASTELLER: Yes.

15 MS. GUARE: Member Saito.

16 MEMBER SAITO: Yes.

17 MS. GUARE: Member Steeb.

18 MEMBER STEEB: Yes.

19 MS. GUARE: Member Trujillo.

20 MEMBER TRUJILLO: Yes.

21 MS. GUARE: Member Woodford.

22 MEMBER WOODFORD: Yes.

23 MS. GUARE: Vice Chair Singh.

24 MEMBER SINGH: Yes.

25 MS. GUARE: And Chair Beard.

1 CHAIR BEARD: Yes.

2 The motion carries.

3 MR. PATTILLO: The second action item is
4 the revenue increase for construction services and
5 facilities maintenance which is really an umbrella
6 of our healthcare facilities maintenance. And with
7 me again is Scott Walker.

8 MR. WALKER: Good morning, again. I am
9 Scott Walker, and I would like to present the action
10 item for the increase in revenue limit for the
11 construction services and facility maintenance
12 division.

13 This request is to increase the current fiscal
14 revenue amount from the current \$12.7 million to
15 \$45,000,000. As most of you know, CSFM was
16 originally established to provide construction and
17 facilities maintenance internally to PIA and
18 externally to several state agencies, to help them
19 drive down cost of construction. And it proved very
20 successful. One of the units within the CSFM
21 division is healthcare facilities maintenance.

22 We were approached by the medical Receiver's
23 office as the California Correctional Healthcare
24 Services in 2012 with a situation they had down at
25 the California Medical Facility, and their inability

1 to adequately sanitize and clean the direct patient
2 care, delivery areas, for medical services. From
3 that discussion we developed a pilot program at
4 Vacaville, CMF, to establish a janitorial services
5 program. And it worked out fairly well. We were
6 able to go down there to start to elevate the level
7 of sanitation and cleaning to get in compliance with
8 Title 22 standards that were required of those
9 direct patient care areas. From that there was
10 some activity that the panel found and some
11 inconsistencies on the rest of the institutions in
12 the Department. There was some back and forth about
13 whether they were being cleaned adequately or not.
14 A three-judge panel of experts went to look at the
15 institutions, and they came back with findings that
16 they were not being adequately cleaned.

17 So at that point, after having the CFM model
18 out there, they reached out to us from the
19 Receiver's office and asked if we would be
20 interested in expanding that program throughout the
21 state. We certainly were interested in helping them
22 out with that. We went on a tour of, I think, five
23 institutions that they asked us to go look at and
24 didn't find anything new. We validated what they
25 already knew to be true, that there were cases out

1 there with sanitation.

2 From that we met and discussed the potential
3 for adding the other 34 institutions throughout the
4 state, 33 CDCR institutions and the one contract
5 institution at California City to the CFM program
6 and creating a contract, which we did in 2013. So
7 we are currently working through that contract, and
8 we have activated 24 institutions.

9 The challenge we have today is, again, the
10 current revenue is about 12.7 million and we're
11 projecting current year fiscal revenue to be about
12 \$21,000,000.

13 We have activated, as I said, 24 institution
14 out there. We have done a pretty good job. There's
15 still a lot of heavy lifting to go on. I think
16 we've had six or seven internal audits by the
17 Receiver's office and his team, and five of them
18 have come back very well. There is one with some
19 issues and one fairly poor. But the story that we
20 told, and continue to tell, is increased sanitation
21 in all those areas dramatically, even the one that
22 came back very poor. We were able to go back out
23 there, commit some resources and involved the
24 institution and involved medical and correct those
25 deficiencies in about two weeks.

1 Part of the challenge with these institutions
2 out there is the physical plant themselves. You've
3 all been to the prisons. It's just a lot to keep
4 up, and it's a real challenge to sanitize those
5 areas if they're not in a good state when you're
6 doing the cleaning.

7 So we're working through this. We have a lot
8 more to go. Part of the reason why we're wanting to
9 go to \$45,000,000 is the Receiver's office also
10 indicated that they have an interest in us doing the
11 rest of the mental health and dental areas in the
12 prison. We need to work with CDCR, to get that in
13 place, which is going to drive a significant dollar
14 amount.

15 There is also in-fill projects we talked about
16 earlier at Mule Creek and Donovan, additional areas
17 that they would like us to clean. And then there's
18 Stockton. The Stockton facility is a huge endeavor.
19 It's a huge facility; it's about 600,000 thousand
20 square feet. As we sit here today, the cost for
21 that institution alone is probably going to be in
22 neighborhood of \$10- to \$12,000,000 to clean it
23 annually. There is a very small workforce down
24 there that's driving a lot of those costs. So it's
25 happened to be augmented by the civil service staff.

1 We are currently pushing toward approximately
2 200 civil service staff in this program and about
3 1,100 offenders. To date, we have about 117 civil
4 service staff and 562 offenders that are employed in
5 the program. Again, with the notion of going to
6 1,100 statewide. They are trained in all elements
7 of cleaning, cleaning chemical usage, floors, floor
8 care equipment, restrooms and safety training. They
9 are required, like everything else, to get a GED or
10 enroll in a program within two years. If not, they
11 are excluded from the program.

12 But this revenue is being driven by that
13 janitorial service program. We cannot continue to
14 meet customers' needs unless we have a revenue
15 increase. There will be an impact on the private
16 sector. Currently there is about an \$8.6 million
17 contract with Lincoln Training Center to provide
18 some of the services out there to the institutions.
19 That's a two-year contract, about \$4.3 million a
20 year. The intention is for that contract to go away
21 once we've stood up at all the institutions. There
22 will be an impact there.

23 We are actively pursuing all of the employees
24 of LTC that are currently providing those services.
25 We've been very successful in bringing most of those

1 on to PIA so they don't go without a job. They're
2 also transferring the TCR employees -- the
3 Receiver's office employees to current employees in
4 custodian jobs, moving those over to PIA as well so
5 there is no impact there, or little impact. There's
6 one to date that decided they didn't want to come to
7 work, so they want to work somewhere else, but we've
8 made the offer.

9 The janitorial services industry is about \$3.6
10 billion in the state of California, and they employ
11 about 16,000 workers. We have a commitment, and
12 Chuck can expand on this, from DGS and SEIU. The
13 offenders that we're training in this program will
14 be able to go out and secure jobs with the State of
15 California upon parole, with two exceptions, which I
16 believe are the State Capitol and Department of
17 Justice. So there's a market for these folks when
18 they get out.

19 We had a public hearing on November 19th at
20 Mule Creek. There was no testimony for or against
21 this particular item. So with that, I will
22 encourage you to approve the revenue limit to
23 \$45,000,000. I would be glad to answer any
24 questions you have.

25 MEMBER ALEGRIA: Mr. Walker, how does your

1 projected 37,000,00 in revenue break down?

2 MR. WALKER: 27- annually --

3 MR. ALEGRIA: I just want to make sure I
4 understand how it aligns with the proposed revenue,
5 new revenue limit of \$45,000,000. You mentioned
6 some other possibility in the future. How does this
7 new revenue fit in the alignment, future alignment?

8 MR. PATTILLO: Two other pieces that are
9 going on in other areas that are assigned to other
10 folks. One of them being the Department of State
11 Hospitals. And the Secretary is very involved in
12 that kind of transfer in that area the belongs to
13 them.

14 The other issue is more the mental health
15 area, the additional dental areas. And the next one
16 is going to be CHCS. For us, and Scott touched on
17 it a bit, Stockton is going to be a problem for us.
18 We don't have enough inmates down there. So we're
19 trying to get that all worked out. There's another
20 location if you want to send firefighters to
21 Stockton.

22 MEMBER ALEGRIA: There seems to be logic --

23 MR. PATTILLO: Associated with that.

24 MR. WALKER: What we've got right now is
25 the current contract is \$27.8 million. There are

1 two major issues right now. One is, as Chuck
2 mentioned, the mental health beds out there. The
3 other is we are not part of the original contract.
4 We do some small mental health areas. An example
5 would be the Receiver's office reached out to us
6 after we initiated the contract and wanted us to
7 take over the 55-bed crisis unit at CFM, Vacaville,
8 and CFW, women's facility down in Chino, and that
9 CMC, California Men's Colony. Those three alone are
10 \$2.6 million initial costs in this contract. CHCF,
11 when we originally scoped the contract, we were
12 looking at doing the facility shared services area.
13 So there was about \$2.3 million in the contract.
14 There was a bit of a disconnect there. They wanted
15 us not to just do the facility shared area, but to
16 do all the direct patient care. They also wanted us
17 to do all the inpatient cells down there. So that
18 cost, that is about \$2.3 million to somewhere to the
19 neighborhood of \$12,000,000, a \$10,000,000 increase.
20 As Chuck mentioned, the three additional ones, the
21 big ones, CMF --

22 MR. PATTILLO: California Training
23 Facility, Department of Mental Health at SVSP.

24 MR. WALKER: These are driving about
25 another \$16,000,000. So we're not sure where that

1 one is going to end up at. But with everything that
2 we've got on the table right now, excluding dish,
3 all in is going to need at least a \$45,000,000 cap.

4 MEMBER ALEGRIA: I'm assuming 2015
5 projected includes the additional ten facilities
6 that we're going to activate?

7 MR. PATTILLO: If they activate.

8 MEMBER ALEGRIA: If they activate.

9 MR. PATTILLO: Yes.

10 MR. WALKER: A couple things. Chuck
11 mentioned part of the cost driver, acceleration of
12 the costs, we're going from originally the scope of
13 five days, and we're going to seven days a week. So
14 that drove about \$1.8 million in cost for the
15 contract.

16 I'll tell you that, as these things are coming
17 on and people are noticing this, there is a real
18 issue with the dollar to pay for this. I met with
19 the Receiver's office, Chief Deputy Receiver,
20 yesterday to talk about the approach for that. So
21 we're going to have to figure out -- we're expending
22 -- we've gone out on a limb a bit, spending some
23 dollars to make this thing work on the agreement,
24 verbal agreement.

25 I will tell you that they were going to come

1 back, clean up the contract. There was language in
2 there that said in September when we revisit this
3 stuff. We are a little bit exposed on this. I
4 think Ms. Masteller asked a question about the
5 budget last time we met on this thing. Last year we
6 lost about \$1.4 million on this process. This year
7 starting costs were part of that. We need to get
8 whole. That is part of the conversation I've been
9 having with them. I had with the Chief Deputy
10 Receiver yesterday. We've gone as far as I can go
11 with this thing without getting whole. We're going
12 to probably end up moving some rollout schedules
13 around in the current year to adjust some of those
14 costs so we get whole, and maybe push some of the
15 stuff into next year so we can go back to get some
16 additional funding. The program's a success. The
17 Receiver loves the program. The doctors love the
18 program. I don't think any notion that it's going
19 to go away. There's a lot of moving parts.

20 I want to also take the time to recognize the
21 PIA staff that have understood this thing. I've had
22 folks on the road for the last year. No whining or
23 complaining. They just go out there and get it
24 done. There are so many challenges that most of you
25 know working in an institution, and they're going

1 out there and instituting a new program and moving
2 people to the doggy dish, so to speak. It is a
3 really a testament to the people we have working at
4 PIA. They've done a tremendous job and spent a
5 tremendous amount of time away from their families
6 to make that this thing successful.

7 With that, I would encourage you to adopt the
8 increase and glad to answer any additional
9 questions.

10 MEMBER KELLY: No public comment?

11 CHAIR BEARD: No public comment.

12 MEMBER KELLY: Make a motion to approve the
13 statewide revenue of \$45,000,000 for the
14 Construction Services Facilities Maintenance
15 Enterprise.

16 MEMBER MASTELLER: I will second.

17 CHAIR BEARD: Call the roll.

18 MS. GUARE: Member Alegria.

19 MEMBER ALEGRIA: Yes.

20 MS. GUARE: Member Almanza.

21 MEMBER ALMANZA: Yes.

22 MS. GUARE: Member Kelly.

23 MEMBER KELLY: Yes.

24 MS. GUARE: Member Masteller.

25 MEMBER MASTELLER: Yes.

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MS. GUARE: Member Saito.

MEMBER SAITO: Yes.

MS. GUARE: Member Trujillo.

MEMBER TRUJILLO: Yes.

MS. GUARE: Member Woodford.

MEMBER WOODFORD: Yes.

MS. GUARE: Vice Chair Singh.

MEMBER SINGH: Yes.

MS. GUARE: Chair Beard.

CHAIR BEARD: Yes.

Next item.

MR. PATTILLO: Next item is adoption of Fiscal Year proposed midyear revise. At the start of my opening comments, there is not a whole lot here. It is just some really truing up of what's going on. Part of that is with FHM. I'm saying and going through this quickly, but please stop me because this is a major issue.

The revenue we're increasing 1.7 from \$196.2 to \$199.6. Primarily we talked about \$4,000,000 increase in furniture, which is about a 32 percent increase. Reduction in optical, and increase actually in construction facilities of only \$400,000.

Cost of goods sold. It's estimated to

1 increase 2.7 percent, spread across the three
2 manufacturing services and agriculture. I'm working
3 off this action item, this document. Pull it out of
4 the clear sleeve. You can see on the first line,
5 the first page.

6 Good news. Selling and administration costs
7 are estimated to increase by about .6 percent. The
8 biggest change in there is the increase of a couple
9 hundred thousand for CTE programs, offset by the
10 decrease and the overhead costs for the central
11 services fund.

12 Offender Development Programs. We will be
13 putting in about \$2.9 million by the year it's done
14 for CTE programs. Currently, what they are is, 12
15 of them -- we have the dive program at CIM, the
16 labor program at San Quentin, ironworkers at Folsom,
17 carpentry at Folsom, female coding at San Quentin.
18 That's the male programs.

19 The female programs: Laborers program at
20 Folsom Women's Facility, carpenter at CIW and Folsom
21 Women's Facility. Two classes of auto CAD actually
22 are running right now, and facility maintenance
23 program running in the Folsom Women's Facility. As
24 of June 30th, we will move that up to 75 percent
25 women and 25 percent male. Start making some

1 movement. We'll also increase our work positions
2 significantly for the folks here at the FW, the
3 Folsom Women's Facility, here locally working with
4 them to increase the numbers.

5 Our distribution in transportation is about
6 1.5 percent or \$200,000 just associated with volume.
7 We've gotten away from using private carriers.
8 We've got most inhouse.

9 How much are we using private carriers?

10 MR. WALKER: Fluctuates.

11 MR. PATTILLO: It's all included in here,
12 20 percent. Most of that in state programming
13 dollars, state positions that we can program a lot
14 easier than all the wait time we have to pay
15 private. We actually have reached out on the other
16 20 percent, trying to find organized labor-backed
17 companies to contract with, but we haven't had a
18 whole lot of luck. I think we need our teamster
19 organizations.

20 State Mandate costs. We talked about the pro
21 rata going down a bit. But an addition, the OPEB
22 floats across at \$10.2 million for the OPEB. That
23 is set aside for the current year.

24 Operating income is estimated to decrease 62
25 percent, down to about \$400,000 from about .6, about

1 a \$200,000 adjustment. No changes in non-operating
2 revenues. Net gain, about \$46,000. That could
3 fluctuate a little bit. Maybe upwards from where we
4 are seeing from our numbers now.

5 Our offender employment is budgeted at about
6 6,800 positions statewide. We are -- part of that
7 6,800, I probably have 500 vacancies in minimum
8 positions. The rest of the vacancies are spread
9 out. We are constantly trying to recruit in. With
10 our application process we've got to have an
11 application before you come to us.

12 We're able to divert people to other programs
13 where they need to go first. If you need to go to
14 substance abuse, let's go there first, if you need
15 education before you come to PIA. So that's kind of
16 harmed us a little bit. We've got enough to absorb
17 what we're doing right now.

18 Staffing. As Scott mentioned, we're going to
19 have about 880 authorized positions.
20 Positions-wise, it's authorized at 8.3 percent more,
21 but our filling is about 18 percent less because
22 we're constantly rotating salary savings. For those
23 of you that are state service, the normal amount is
24 5 percent of the salary savings because the turn of
25 recruiting people. We actually run a higher rate of

1 vacancies because we constantly have folks going
2 through, especially now with the janitorial program,
3 facility maintenance. We have great turnover in
4 that. It's a low paying position, the lowest ones
5 like that are \$2,000 a month. I think the benefit
6 value from pension and medical is worth more than
7 the \$2,000 a month position. So it's really a hard
8 turn. DGS, that's one of the hardest positions they
9 have to fill.

10 We're actually training now, as Scott
11 mentioned, for a position that offenders, when they
12 get out, they can obtain a state service. They can
13 take a test, a written test, before they get out.
14 SEIU has signed letters, distributed before,
15 supporting this program. It won't impact them; it
16 will actually help them.

17 With that, that is the conclusion of my
18 presentation. I can answer any questions.

19 CHAIR BEARD: Okay. Hearing none -- I
20 don't believe there is any public comment. I have
21 no requests here.

22 So is there a motion to adopt.

23 MEMBER WOODFORD: So moved.

24 MEMBER SINGH: Second that.

25 CHAIR BEARD: Call the roll.

1 MS. GUARE: For the record, I did not call
2 Member Steeb when voting for Action Item B.

3 Member Steeb, do you vote yes or no?

4 MEMBER STEEB: Yes.

5 MS. GUARE: I will now take the roll vote
6 for Action Item C.

7 Member Alegria.

8 MEMBER ALEGRIA: Yes.

9 MS. GUARE: Member Almanza.

10 MEMBER ALMANZA: Yes.

11 MS. GUARE: Member Kelly.

12 MEMBER KELLY: Yes.

13 MS. GUARE: Member Masteller.

14 MEMBER MASTELLER: Yes.

15 MS. GUARE: Member Saito.

16 MEMBER SAITO: Yes.

17 MS. GUARE: Member Steeb.

18 MEMBER STEEB: Yes.

19 MS. GUARE: Member Trujillo.

20 MEMBER TRUJILLO: Yes.

21 MS. GUARE: Member Woodford.

22 MEMBER WOODFORD: Yes.

23 MS. GUARE: Vice Chair Singh.

24 MEMBER SINGH: Yes.

25 MS. GUARE: Chair Beard.

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CHAIR BEARD: Yes.

MR. PATTILLO: Thank you.

MR. WALKER: Thank you.

MR. PATTILLO: For the next item I'm going to invite our General Counsel, Jeff Sly, to present, the next two regulation items.

MR. SLY: Good afternoon. Jeff Sly, General Counsel for Prison Industry Authority. We'll start with Action Item D, which is another regulation that we are working on as part of our personnel regs. This one is intended to bring ourselves in line with the request of CDCR. This one has to do with having employees provide address -- basically contact information. We do support the initiative of CDCR.

There are times when things occur that might require people to be called back to work for something. This is just a simple regulation to require that we have that information on file.

Do I see if anyone has any questions?

I ask that you approve that.

CHAIR BEARD: Any questions?

Again, no public comment.

Do I hear a motion?

MEMBER KELLY: Moved.

1 MEMBER MASTELLER: Second.
2 CHAIR BEARD: Will you please call the
3 roll.
4 MS. GUARE: Member Alegria.
5 MEMBER ALEGRIA: Yes.
6 MS. GUARE: Member Almanza.
7 MEMBER ALMANZA: Yes.
8 MS. GUARE: Member Kelly.
9 MEMBER KELLY: Yes.
10 MS. GUARE: Member Masteller.
11 MEMBER MASTELLER: Yes.
12 MS. GUARE: Member Saito.
13 MEMBER SAITO: Yes.
14 MS. GUARE: Member Steeb has stepped away
15 for a moment.
16 Member Trujillo.
17 MEMBER TRUJILLO: Yes.
18 MS. GUARE: Member Woodford.
19 MEMBER WOODFORD: Yes.
20 MS. GUARE: Vice Chair Singh.
21 MEMBER SINGH: Yes.
22 MS. GUARE: Chair Beard.
23 CHAIR BEARD: Yes.
24 MS. GUARE: Thank you.
25 MR. SLY: Action Item E. This is some

1 modifications to changes and additions to the inmate
2 hiring regulations that this Board previously
3 approved in the past. Essentially, a complete
4 oversight summary. The changes here are -- CDCR's
5 changed some of their regulations. We're making
6 changes to come in line with what they've done.
7 There's also been some changes to the DOM that we're
8 also bringing into our regulation to kind of
9 coincide with what they're requiring at this point.

10 And then we've also got some changes that
11 Mr. Pattillo mentioned to you earlier with regards
12 to part-time employment, part-time positions, which
13 are essentially being established to promote,
14 accommodate, rehabilitation programs and education
15 programs, essentially having inmates involved with
16 both rehabilitation and education and working, which
17 is just more than most people have the ability to do
18 all at the same time.

19 There is one DOM that I would like to kind of
20 bring up. In talking with Secretary Beard
21 yesterday, he mentioned that -- you guys take a look
22 at Page 1 under 8004, Subdivision (b) (2).

23 Dr. Beard, you mentioned PIA's regulation
24 doesn't have, as it applies to the escape
25 restrictions or with regards to inmates that have a

1 history of escape not being able to.

2 Mr. PATTILLO: Section E. Can you walk
3 them through that?

4 MR. SLY: It's under Action Item E, the
5 first exhibit, Exhibit 1, E1. A third of the way
6 down the page there is 8004, Participation,
7 Subdivision (b) (2), paragraph reads:

8 Inmates with a history of escape,
9 including, but not limited to an actual
10 escape, an attempted escape or
11 correspondence or any documentation
12 describing an escape plan or escape
13 contraband found in their living
14 quarters, including digging, cutting or
15 other objects that could be used for
16 escape. (Reading)

17 So everybody kind of followed that paragraph,
18 what we're talking about. Dr. Beard mentioned
19 yesterday that that seemed to be substantially more
20 restrictive than a large part of CDCR's current
21 policy, which, basically, says if the history of
22 escape is more than ten years old, they don't apply
23 that anymore.

24 He also mentioned that there is some
25 discussion going around that they might try to

1 change that from ten years to five years. So at his
2 suggestion we got ahold of the division of adult
3 institutions. Chatted with them at length to find
4 out exactly where they're at and how they're
5 applying these. We discovered that they've got a
6 very well documented program for monitoring and
7 laying out when the ten-year exclusion is going to
8 apply and when it's not. In talking with
9 Mr. Pattillo yesterday, we thought it is very
10 possible that we don't need this requirement
11 anymore. This all kind of developed yesterday. So
12 I apologize for this.

13 MR. PATTILLO: That one paragraph.

14 MR. SLY: That one paragraph.

15 Essentially, Dr. Beard, what we're prepared to
16 do, if the Board agrees, that PIA can rely upon the
17 already existing rules that CDCR has, and rather
18 than continue to chase them on this, just rely on
19 their rules, and we can strike this language.

20 And what I would suggest is, Dr. Beard, if
21 that's the direction you would like us to go and if
22 the Board all concurs, we approve the remainder of
23 the language and just add in there that we will
24 strike Subparagraph (2), and we will not chase that
25 anymore. We will just rely on CDCR's classification

1 folks to not send inmates PIA's way that don't
2 qualify under the rules that they already have.

3 With that, does anybody have any questions
4 about that or any of the other proposed changes?

5 Mr. Pattillo, again to run through the list
6 that I have already kind of identified what those
7 changes are. If anybody has any specific questions,
8 we can discuss those at this point, if you would
9 like.

10 CHAIR BEARD: Any comments? Questions?

11 There is no public comment. Do I hear a
12 motion?

13 MEMBER KELLY: So moved. We need to make
14 sure we put in what you are striking, 8004, number
15 two.

16 MR. SLY: That would be correct. I would
17 appreciate that. If that's the direction that you
18 all would like to go, we can take care of that with
19 this approval right now. We'll just essentially put
20 that section back out to the public renotification
21 15-day hearing when we conclude the 45-day notice
22 period that is currently out. Treat this like a
23 comment. We don't have to bring it back to the
24 Board for approval. We can do all that right now.

25 MEMBER KELLY: That is my motion.

1 MEMBER MASTELLER: Second.
2 CHAIR BEARD: Board secretary, will you
3 call the roll?
4 MS. GUARE: Member Alegria.
5 MEMBER ALEGRIA: Yes.
6 MS. GUARE: Member Almanza.
7 MEMBER ALMANZA: Yes.
8 MS. GUARE: Member Kelly.
9 MEMBER KELLY: Yes.
10 MS. GUARE: Member Masteller.
11 MEMBER MASTELLER: Yes.
12 MS. GUARE: Member Saito.
13 MEMBER SAITO: Yes.
14 MS. GUARE: Member Steeb.
15 MEMBER STEEB: Yes.
16 MS. GUARE: Member Trujillo.
17 MEMBER TRUJILLO: Yes.
18 MS. GUARE: Member Woodford.
19 MEMBER WOODFORD: Yes.
20 MS. GUARE: Vice Chair Singh.
21 MEMBER SINGH: Yes.
22 MS. GUARE: Chair Beard.
23 CHAIR BEARD: Yes.
24 MR. SLY: Thank you, Members.
25 MR. PATTILLO: Thanks, Jeff.

1 The next items are going to take about 20
2 minutes to run through. I know some of you've got
3 some earlier flights, but I want to take the
4 opportunity - we're going to recognize two people at
5 the end for their retirement. But there is a guest
6 back here, one of my working partners with CDCR. So
7 I can embarrass you. The tall gentleman in the
8 back. I'm talking about you, Brant. He's
9 Superintendent of CDCR's education. Why don't you
10 come up to the microphone.

11 One of my partners at CDCR that helps me make
12 our programs work so well. He's new -- it's not the
13 first time that I worked with him. I worked with
14 him at the County of L.A. where he was the
15 Superintendent of Education Corrections there. He
16 was also the vice principal of Charles Jones Skill
17 Center here in Sacramento. I've known Brant eight
18 or nine years now.

19 Brant.

20 MR. CHOATE: Thank you.

21 We have over 50,000 people that are in
22 education programs throughout the state, 35 separate
23 adult schools. In that group of people at any given
24 time there is 8-t to 9,000 people in career tech
25 programs. One of the best things we can do for our

1 graduates is to have them do on-the-job training.
2 What you call OJT. And the best OJT that we can
3 provide is TMA. And in certain institutions what
4 we've found is that, where we have that great
5 partnership or we're offering programs similar to
6 what they already have on their site, it's been a
7 great partnership.

8 Folsom Prison is an example where we have
9 mental fabrication going on here by PIA, but in that
10 site there's also a GED class which is provided by
11 us, and they can be concurrently enrolled. And what
12 we have done over the past six, seven months,
13 Mr. Pattillo and I, we've broken down a silo that's
14 existed for many years. That silo has been, don't
15 come onto my turf. This is my territory. PIA has
16 taken over classrooms and whatnot.

17 And what we did to break through that silo
18 initially is we had on your first annual principal
19 meeting where we brought all the principals from the
20 state into a room. And we actually had the meeting
21 in this room. So that statement that we are working
22 in partnership, we're breaking down the silo. And
23 we have Mr. Pattillo and his folks come and speak as
24 part of that training, three-day training, in this
25 room. Took them on a tour of the facility. Showed

1 them how we can work together. And since then,
2 we've had several principals reach out and actually
3 start working more collaboratively with PIA. And
4 that's been very encouraging for me to see that.

5 So just as an example of where we're going and
6 how we're breaking down that silo.

7 MR. PATTILLO: Any questions of Dr. Choate?

8 MEMBER TRUJILLO: You are the principal in
9 charge of the Charles Jones Skill Center?

10 MR. CHOATE: I was.

11 MEMBER TRUJILLO: Prior to your being
12 principal there, the building trade was involved in
13 bringing in apprenticeship coordinators with
14 pamphlets and how to -- which showed the inmates or
15 the people on parole how they can get into the
16 building trade. And I retired from there probably
17 in 2012 or 2011. I think that's still going on.

18 Is that still going on?

19 MR. CHOATE: With the downturn in the
20 economy the apprenticeship programs went away for
21 the most part all throughout the state, as they were
22 connected with adult schools. And we had six or
23 seven going to Charles Jones. And when I left,
24 there were only a couple roofers still there. And
25 it doesn't mean that there wasn't a lot of parole

1 education going on, but with different programs -
2 the HVAC and diesel mechanic. Not necessarily
3 connected to the union and different programs.

4 I am currently working on a program with the
5 State Chancellor's Office of Community Colleges who
6 also employs the state apprenticeship director. So
7 we're starting to work out those opportunities, as
8 well as we're going to rope PIA into that
9 conversation.

10 MEMBER TRUJILLO: Would you be willing to
11 host that again with apprenticeship coordinators and
12 different crafts, come to speak?

13 MR. CHOATE: Yes. I just don't know where
14 they would speak.

15 MEMBER TRUJILLO: Right here.

16 MR. CHOATE: I'm not at Charles Jones
17 anymore.

18 MR. PATTILLO: He's ours now. He's
19 Dr. Beard's now.

20 CHAIR BEARD: You can't have him.

21 MR. PATTILLO: But Dr. Choate when we did
22 this meeting the other day with the Attorney General
23 and the community colleges, and we do a lot of joint
24 meetings with DOM that benefit all of us. Showing
25 there is a partnership. One of the things that he

1 talked about the GED. We've actually volunteered to
2 build a GED facility at every institution to support
3 his education program. We will do everything from
4 the desk and chairs, to computers, to books. They
5 just need to bring the instructor in. And in the
6 case I'm working with, we're spreading out more, is
7 he had a welding program right next door to our
8 fabrication plant. Now we're adding in optical
9 vocational education right next to our optical
10 plant. It just makes sense to get them the GED
11 because they go out even more successful. It's a
12 great asset to us.

13 Any questions for Dr. Choate?

14 Move to the information items. Scott Walker
15 is back.

16 MR. WALKER: I would like to go over the
17 lost hours. It's Item G, specifically G1, in your
18 binder.

19 MR. PATTILLO: Sorry, I skipped an item.
20 Scott HAMMON is here for presentation on F,
21 presentation on the audit of the annual financial
22 plan for Fiscal Year June 30th, 2014 and 2013. We
23 have presented this to the audit committee. There
24 was no objection at the time. If Mr. HAMMON can
25 just run through it. This is not a voting item. As

1 you know, this is a regulated item where I contract
2 on your behalf. They issue what it is. We have no
3 say in what comes out, and we have no say on
4 adopting it, either.

5 MR. HAMMON: Few things you don't have a
6 say on, Chuck.

7 MR. PATTILLO: Got it.

8 MR. HAMMON: As Chuck said, we're the
9 external auditors of PIA. MGO is a regional public
10 accountant consulting firm with offices throughout
11 California.

12 As Chuck mentioned, we're engaged to do the
13 external audit of the organization's financial
14 state. We're not a program auditor. We're not a
15 performance auditor. We are in the process of doing
16 an external audit of financial statements. We,
17 obviously, see things related to operations and
18 internal controls, and we do share that with your
19 organization.

20 As Chuck mentioned, we previously did a
21 presentation in teleconference with the audit
22 committee. Because of the length of the agenda,
23 I've been asked to make the presentation short.

24 I believe you've received a presentation in
25 your materials. If you have that available, I'm

1 going to go ahead and keep my comments to a minimum.
2 I'm going to step through maybe three or four pages
3 of those. Obviously, happy to take questions as I
4 am commenting on a page or at the end of the
5 discussion. Whatever works best for you.

6 If I can ask, if you would please turn to Page
7 2 of the document, which is the status of our audit.
8 I just want to highlight a couple things. For those
9 of you who may or may not have this, this a purple
10 document that, I believe, was distributed in your
11 board package.

12 MR. WALKER: Should be in a plastic sleeve,
13 Exhibit F3.

14 MR. HAMMON: This is going to be short and
15 sweet. So if you don't have it, I do want to
16 highlight that the information was submitted for the
17 year ended June 20, 2014. We issued our unqualified
18 opinion on November 5th. Unqualified sounds
19 negative. As I mentioned in the past, unqualified,
20 we call that clean. Best thing you can get. So a
21 good thing.

22 (Member Steeb leaves.)

23 MR. HAMMON: When we do the audit, I want
24 to emphasize that we're looking to provide
25 reasonable, not absolute, assurance that the

1 financials are not materially misstated. We cannot,
2 in our opinion, say they are 100 percent correct.
3 That is because we perform our testing using
4 sampling. Never less than 100 percent valid of all
5 transactions. So we provide reasonable assurance
6 that are not truly misstated.

7 Moving very quickly here, I'm going to ask you
8 to go through our working document. On Page 6, in
9 the middle of the document, or the page titled
10 internal Control Over Financial Reporting. We do
11 not issue a report on the organization's internal
12 controls of financial reporting. We share our
13 recommendations. We do not issue a formal opinion.
14 Some of you might be familiar with that. With a
15 public company of a certain size, publicly traded,
16 you are required to have that type. For a meeting
17 like this, it is not required. It is an option, if
18 the Board chose to pursue it. Most government
19 organizations are not choosing to have that done.

20 The next page, Page 7, highlights the
21 different classes of problems we run into in the
22 organization's control environment. The worst is
23 material weakness. After that there is what we call
24 significant deficiency. And the final item is
25 simply internal control deficiency. If you're going

1 to have any issue here, you want them to be in the
2 controlled efficiency bucket. That's much less
3 significant.

4 Happy to say that this year, as last year, we
5 don't have material weaknesses or deficiencies.
6 What we have are basically operating recommendations
7 and suggestions for improvement. We summarize those
8 in documents and provide the status as well. As I
9 mentioned, in the interest of time I will not be
10 going through that.

11 On Page 11, which is titled Required
12 Communications. That is exactly what it sounds
13 like. Under our professional standards, we are
14 obligated to communicate to this group, or in the
15 case of the audit the sub group, certain
16 information. We met that obligation when we met
17 with the audit committed and provided here again.
18 These are, as I said, required communications, and
19 we provided that information.

20 That is all I want to say, given the time
21 limitations. Would be happy to answer any
22 questions.

23 MEMBER MASTELLER: We have no cows missing
24 this year?

25 MR. PATTILLO: That's our story, and we're

1 sticking to it.

2 MR. HAMMON: Not going to say a few bales
3 of hay.

4 MR. PATTILLO: This is an information item,
5 so if there is no further discussion, we're going to
6 move into -- Scott's going to present the last item,
7 take a couple minutes into our lost hours. And then
8 move into our retirement because a couple Board
9 Members that need to take off right now. Ms. Steeb
10 has departed. Mr. Kelly who represents this
11 individual who is retiring wants to say a word
12 before he left.

13 Scott.

14 MR. WALKER: Item G1, lost hours. Lost
15 hours decreased from Fiscal Year fourth quarter,
16 fourth quarter last year to the first quarter this
17 Fiscal Year. Everything pretty consistent. The one
18 thing that Chuck mentioned earlier, just note, minor
19 change in the vacant hours up a little bit over the
20 what they used to be. This is thoroughly driven by
21 AB 109. We deal with that. No major issue there.

22 Actual paid hours increased, which is a good
23 thing. Got more folks on the job. Total Lost hours
24 decreased. Custody lost hours decreased. Ducat
25 lost hours decreased. Industry related lost hours

1 decreased. Other hours decrease. Vacant lost
2 hours, while that did go down, they're a little
3 higher than historical.

4 I will be glad to answer any questions you may
5 have on lost hours.

6 MR. PATTILLO: With that, Terry Schupp --
7 or course, Terry Schupp steps out. He was there.
8 Where did he go? Who's on first?

9 Terry, come on up. Terry Schupp is not a
10 state employee. He is an employee of the Northern
11 California Carpenters Local 46 and Northern
12 California Training Center. He is a member of Local
13 46, and he's been an instructor-trainer at our CTE
14 program. Our very first carpenter instructor when
15 we kicked this off in 2005, when we started. So
16 he's been with us almost nine years now. He has a
17 total of 40 years as a carpenter. And so we tried
18 to talk him to staying a little longer, but he just
19 won't go for it. He's officially retiring at the
20 end of this month from the carpenters union and also
21 from us.

22 One of his things that's going to go down in
23 infamy is, if you saw the doll house out there, the
24 Barbie Dream House, is when we started having not
25 enough jobs or the weather gets a little bad, he

1 started having them build those. Because it's a
2 process for us to raffle them off or give them to
3 nonprofits. This one is actually going to be test
4 driven at Michele's homeless shelter.

5 So, Terry's responsible for building Barbie
6 Dream Houses for the last three years. But he's
7 built every single building that is around here.
8 He's been the construction supervisor. He's been
9 leading this entire program. Everything we test
10 driven and failed, he's been responsible for. So it
11 works perfectly now. Right?

12 With that, I want to say congratulations,
13 Terry, after 40 years. And so we want to get a
14 picture. I know that Curtis would like to say a
15 word, also.

16 MEMBER KELLY: I would like to say, you
17 know, we at the Board, we get to sit here and wear
18 the fancy suits and say a lot of fancy words. It's
19 people like you that represent us on the Board. And
20 as a member of the Carpenters Union, a fine job
21 you've done, and thank you very much on behalf of
22 all of us.

23 MR. SCHUPP: Between the union and PIA,
24 it's been great. This program was built by Kelly
25 and Don and made some great things. A lot of people

1 have gone into the unions, been very successful.
2 Helped a lot of people. I've been here for nine
3 years. Started out with them just dropping me
4 outside the door over there and took me ten inmates
5 and a whistle to say this is yours. And now it's
6 grown all over the place.

7 It's really a good thing. Help the state.
8 Helps the inmates. And thank you very much.

9 MR. PATTILLO: Want to introduce Rusty
10 Bechtold. Rusty is the administrator over the work
11 force development branch, which includes preventive
12 joint venture, CTE and IET, and he's going to
13 address in a couple of minutes the next two items.

14 MR. BECHTOLD: Thank you, Chuck.

15 Mr. Chairman, Members of the Board. We're
16 talking about the first quarter accredited
17 certifications - that's under H in your binder - and
18 for the GED and high school diplomas. One of the
19 things to talk about real quickly is that IEP has
20 changed their name. Inmate Employability was the
21 old name. We've rebranded it now. Again, one of
22 the groups that I have been overseeing here at the
23 workforce development under the IEP joint venture
24 program, CTE program, but we changed it to Industry
25 Employment Program to better fit the needs of our

1 organization. If you hear the acronym again, it
2 still stands for IEP, but we've changed the name
3 slightly.

4 Under the external certification for the first
5 quarter, we have 122 accredited external
6 certifications currently available to offenders. In
7 the first quarter we've had 1,107 offenders
8 enrolled. We have 974 offender accredited
9 certifications closed out of that enrolled. That
10 was about a 71 percent completion rate in the first
11 quarter. In comparison with regards to comparing
12 one year to the last, '12-13 to '13-14, we've had a
13 73 percent increase in external certifications. And
14 also had a greater rate of successful completions,
15 up from 42 percent to 64. We are on the right path
16 in regards to taking this program to the next level
17 in regards to accredited certifications.

18 Also, under proficiency, down under
19 proficiency certifications, that's another program
20 that we offer for offenders out there, besides the
21 external certifications. They give validations
22 demonstrating skill, knowledge and ability at the
23 enterprise level. Right now we're running two
24 different programs, kind of an old and new blending
25 program. Right now, in the first quarter we have

1 196 offenders that received those proficiency
2 certifications.

3 About 118 of those were issued under the new
4 program, which is written on the standard
5 occupational code that could be used out there in
6 the private sector and can be followed by the
7 business more thoroughly.

8 We should have the new program completely
9 rolled out by April 30th of 2015, all giving tests
10 and validation to all offenders that are out there
11 working in the field, to prove that they do have the
12 knowledge, skill and ability to do what they are
13 doing, not just taking up 1,500 hours sitting in a
14 factory. They will be able to answer questions and
15 be able to get meaningful employment when they are
16 done.

17 We also have an increase in that as well, from
18 one year to the next. If you compare the last two
19 years, we've gone from 11 percent increase for
20 '12-13 to '13-14 in the amount of proficiency
21 certifications to offenders.

22 And, finally, I will talk about the GED and
23 high school diploma. As of the first quarter we've
24 been keeping track, this is one of the key successes
25 for offenders to not recidivate after leaving our

1 program. We have 4,610 offenders assigned; 3,702
2 possess a GED or high school diploma. So that's 8
3 percent of our workforce that have a GED. Four
4 percent of them are in the process in our factories
5 of obtaining a GED and 16 percent of them do not
6 possess a GED or high school diploma. This does
7 show that they are moving in the right direction
8 with our log and roll procedures that we've passed
9 here, pushing them out in the field, and that that
10 number keeps increasing over time.

11 If you have any further questions, I can help
12 answer them.

13 MEMBER ALEGRIA: Those who are not
14 permanently enrolled or are they supposed to?
15 What's happening?

16 MR. BECHTOLD: They are encouraged to the
17 point -- the fact that they are not enrolled in that
18 two-year period of time, then they are removed from
19 the job. They're trying to get a lot of the -- just
20 as Dr. Choate had said, we're trying to work with
21 them in doing some voluntary education programs in a
22 lot of our factories, trying to set up these
23 classrooms so they don't have to leave work and
24 encourage the education part along with the
25 on-the-job training.

1 Thank you for your time.

2 MR. PATTILLO: We're going to take a break.
3 The second person retiring, as many of you know, is
4 my former assistant, Nancy La Sarte.

5 And, Nancy, if you'll come up, Scott is going
6 to present the -- after she was done training me,
7 she went to train Scott. So she has been Scott's
8 administrative assistant for the last five years.
9 I'm going to get out of the way here.

10 MR. WALKER: Nancy has kept me and a whole
11 lot of other people straight. You know, she is only
12 one person, they tell me, but the work that she does
13 represents three or four, in my perspective. It's
14 people like her in this organization that keep us
15 all going, keep us straight, make sure we have the
16 right stuff in the right box, make sure we show up
17 in the right place at the right time. Nancy does
18 this flawlessly. It's just amazing the work she
19 does there. We're really going to miss her. She
20 has been a godsend. I don't know how we're going to
21 replace her. We say that a lot about people, but
22 with Nancy it's actually true. I really don't know.
23 Nancy, 17 and a half years. A pleasure, great job.

24 MS. LA SARTE: Thank you. I can't remember
25 how many times I've ordered these for other people.

1 Now I get my own. Thank you. It's been a pleasure
2 working for PIA and seeing all the things we've done
3 since I have been here. We have grown. I just
4 really love working with my bosses. I'm going to
5 miss it. Everybody's trying to convince me to stay.
6 Thank you for acknowledging me.

7 MR. PATTILLO: With that, I will turn over
8 this last item to Michele Kane, who is our
9 legislative and external affairs.

10 MS. KANE: I'll keep this brief. Good
11 afternoon. I'm Michele Kane.

12 A few events we're planning for early next
13 year. Chuck mentioned we're going to have a Bay
14 Area employer former in March. You will get the
15 invite. I'll be sending out the invitations
16 probably in January with the save the date. We had
17 a very successful employer forum in Los Angeles and
18 Sacramento. Well attended. We received positive
19 media attention, not to mention we got the word out.
20 We encouraged employers to hire former offenders.
21 That is what it is all about.

22 Also, we will be having a graduation this
23 spring for our first class of computer coders,
24 participating in our 7370 class at San Quentin. We
25 received national attention, and the press calls

1 keep coming in about that class. So there is a lot
2 of interest because we were able to bring Silicon
3 Valley into a prison and a fire storm of good press
4 coverage. And we will be holding a teleconference
5 meeting in January to approve CALPIA's Report to the
6 Legislature. And that will include all the
7 financial data as well as the highlights of the past
8 year. So I look forward to talking to you in
9 January.

10 Happy holidays.

11 CHAIR BEARD: The final portion of the
12 meeting is for anybody in the public who might want
13 to make any comment. I don't have any speaker
14 cards.

15 Is there anybody that wants to make a comment?

16 Okay. Seeing none, is there a motion to
17 adjourn the meeting?

18 MEMBER TRUJILLO: Mr. Chairman, I would
19 like to wish everybody a happy holiday.

20 CHAIR BEARD: Thank you.

21 Is there a motion? You made a motion to
22 adjourn.

23 MEMBER TRUJILLO: True.

24 CHAIR BEARD: A second.

25 MEMBER MASTELLER: Second.

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CHAIR BEARD: All in favor.
Motion carries. Meeting adjourned at 12:35
p.m.

(Hearing concluded at 12:35 p.m.)

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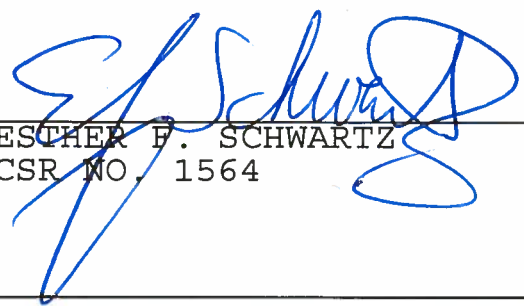
REPORTER'S CERTIFICATE

STATE OF CALIFORNIA)
)
COUNTY OF SACRAMENTO) ss.

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 104 herein constitute a complete, true and correct record of the proceedings.

IN WITNESS WHEREOF, I have subscribed this certificate at Sacramento, California, on this 25th day of February, 2015.



ESTHER F. SCHWARTZ
CSR NO. 1564