

STATE OF CALIFORNIA

DEPARTMENT OF CORRECTIONS AND REHABILITATION

PRISON INDUSTRY BOARD

PUBLIC MEETING

THURSDAY, JUNE 25, 2015

BOARD OF PAROLE HEARINGS

1515 K STREET

SACRAMENTO, CALIFORNIA

ORIGINAL

REPORTED BY:

ESTHER F. SCHWARTZ
CSR NO. 1564

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MEMBER ALMANZA: Here.

MS. GUARE: Member Davidson.

MEMBER DAVIDSON: Here.

MS. GUARE: Member Kelly.

MEMBER KELLY: Here.

MS. GUARE: Member Martin.

MEMBER MARTIN: Here.

MS. GUARE: Member Masteller.

Member Saito.

MEMBER SAITO: Here.

MS. GUARE: Member Steeb.

MEMBER STEEB: Here.

MS. GUARE: And Member Trujillo.

MEMBER TRUJILLO: Present.

MS. GUARE: Let the record show we have a quorum of nine members.

CHAIR BEARD: Thank you.

At this time we are going to recess for a closed session portion of the meeting. And pursuant to Government Code Section 11126(a)(1), I would like everyone other the General Manager, Mr. Walker, Mr. Sly and the Board Members to leave the room.

(Closed Session.)

CHAIR BEARD: So the PIA is reconvening at 10:25. I am Jeff Beard, the Secretary of the

1 Department of Corrections and Rehabilitation, and I
2 am Chair of the Prison Industry Board.

3 I want to thank all the members on the Board
4 for giving of their time and being here and being
5 part of this process. It's very important as we
6 move forward and as we approve the budgets and
7 everything else. And this particular meeting is
8 important because, I think, that's what we're going
9 to be looking at, is the annual plan. That is one
10 of the big items we will discuss. Another one is we
11 will recognize some outstanding employees, too.

12 We're going to have a short presentation from
13 Professor Kelso in a few minutes here. He is the
14 federally appointed receiver over our medical
15 operations, and there will also be an opportunity
16 for public comment after each item that we present
17 to the Board Members.

18 If there is anybody here who intends to make a
19 comment, if they would please fill out a speaker's
20 request form and give it the to Board secretary in
21 advance. The forms are on the front table as you
22 walked in.

23 At this time before I get Professor Kelso up
24 here, I would like to invite any Board Member to
25 make any comments, if anybody has a desire to do so.

1 Hearing none, Professor Kelso.

2 MR. Kelso: Morning Mr. Chair and Members
3 of the Board. My name is Clark Kelso. As Secretary
4 Beard has indicated, I am the federally court
5 appointed receiver in charge of prison medical care.
6 I'm delighted to appear before the Board again.
7 This may be my third or fourth time before the
8 Board. I would like to give you a very brief update
9 of where we are in the case and of the Authority's
10 role in assisting us in moving the case forward to
11 conclusion.

12 I had filed a special report on medical care
13 conditions on March 10th of this year with the
14 court. Where I generally indicated that conditions
15 of medical care had significantly improved
16 systemwide since the beginning of the receivership
17 and the adoption back in 2008 of my turnaround plan
18 of action.

19 In that report I identified just a handful of
20 items that systemwide needed to be completed. One
21 of these is construction to make improvements at,
22 really, virtually all the facilities. I'm sure
23 Board Members are aware that the prisons, some of
24 them, are really quite old and in a need of repair.
25 And, really, all of the prisons were built without

1 much regard for the needs of healthcare.

2 The Department -- I have delegated to the
3 Department, four or five years ago now, the
4 responsibility of completing those construction
5 improvements. It's a lot of individual projects.
6 I'm pleased to say that the Department has been
7 proceeding as quickly as both state processes, money
8 and, most importantly, good project management
9 principles would allow. And it appears that really
10 all of those projects will be completed. We're
11 hoping now by the end of calendar 2017. Quite a few
12 of them are underway. Ground has been broken at
13 quite a few places. We are pleased that the
14 progress is being made.

15 A second area where we have deficiency relates
16 to medical records. When I began, we were an
17 entirely paper-based system. And, really, efforts
18 at maintaining the paper-based system, keeping files
19 organized, had completely broken down. We
20 implemented sort of an interim solution by
21 digitizing all of the files. That put everything
22 into basically PDFs. That was an improvement, but
23 it still left us with really -- at this time with
24 the number of records we have and the amount of
25 records being added every single day, it has left us

1 with a confused medical record for each inmate.

2 We are in the process of implementing a
3 commercially available, electronic medical record.
4 The first rollout at an institution will occur in, I
5 believe, in October of this year. Maybe in
6 September of this year. And we'll see if we can
7 successfully implement an electronic medical record
8 system. So far it is looking like we are on track
9 to do so. Many of you may know that electronic
10 medical record systems can be very difficult to
11 implement. Mainly because you have to get all of
12 your nurses, doctors, clinicians, support people --
13 everybody has to be trained to use the system, and
14 they actually have to embrace its use. Getting down
15 to sort of an organizational change to take place is
16 always a challenge. But at this point we think we
17 are on track to begin implementing that system. It
18 will be been fully implemented sometime the middle
19 or later part of 2016.

20 As a result of my report to the court, it
21 issued essentially now two new orders that
22 essentially describe a process that will lead
23 ultimately to the termination of the Plata case.
24 And this is the first time that we've had from the
25 court that type of clear guidance of how you wind up

1 the case. So these are important orders.

2 The key to the court's orders are a series of
3 inspections by the Office of the Inspector General
4 of each institution. The OIG will produce a report
5 after it looks at an institution, a very detailed
6 report, indicating adequacy and inadequacies and
7 making its judgment of whether care overall is
8 adequate at that institution.

9 After OIG issues its report I'm supposed to
10 take their report, all of our internal data. I
11 consult with a couple of court experts who are
12 appointed in the case. I consult with the State. I
13 consult with the plaintiff. And I make a judgment
14 of whether that institution is suitable for return
15 of management back to CDCR. If I determine that an
16 institution is suitable for return because care is
17 adequate, I will make that finding. Secretary Beard
18 will become responsible for medical care at that
19 institution. And my finding creates a presumption
20 that is rebuttable, but a presumption, that care at
21 that institution is adequate.

22 The court issued a second order clarifying
23 that, given that we know we have facilities'
24 deficiencies and we know we have health records'
25 deficiencies pretty much everywhere, those two

1 deficiencies will not prevent me from making a
2 delegation back to the Department of the
3 institution. And that ultimately you need to finish
4 up the health records improvement and facilities
5 improvement for a final finding of
6 constitutionality.

7 So we're off and running doing these
8 evaluations. The OIG has issued two reports. They
9 began earlier this year in doing their assessments.
10 It looks like they will be able to do two or three
11 every month or six weeks. It's going to depend
12 because these are very substantial audits. And we
13 are moving forward at this point slowly but
14 steadily.

15 I believe in July is when I first will consult
16 with the State and with plaintiff's counsel about
17 the very first institution that has been reviewed.
18 And that is Folsom State Prison. OIG found that
19 Folsom was delivering adequate care. We will have a
20 conversation about it, and I'll come to a judgment
21 sometime in late July. That is where we are in the
22 case.

23 Let me see if there are any questions first
24 just about the status of the case.

25 All right. In terms of what PIA has been

1 contributing most significantly has, of course, been
2 the facilities cleaning program that we have been
3 working with CALPIA on for several years now. I
4 believe it's referred to as the Health Facilities
5 Maintenance Program. At least that's what my staff
6 is calling it. Very good news on that program. It
7 has now been activated at 27 of the 35 facilities
8 within CDCR. And it's been implemented very
9 successfully. We've seen pictures of before and
10 after. That are -- breathtaking may be too
11 emotional a term. But they really are sort of
12 breathtaking, the difference. Once you have
13 somebody who is properly trained and has the proper
14 equipment and comes in and cleans, and it's a deep
15 clean of these medical facilities.

16 We have doctors at a number of institutions
17 that are saying things like, "This is now just like
18 practicing downtown." So the quality of work that
19 is being done is quite high. And it makes a huge
20 difference in our ability to retain clinicians. It
21 changes just the overall tenor of the working
22 environment. And instead of feeling like you're
23 working in an environment that's a neglected
24 environment, our clinicians are feeling like, "Hey,
25 we're working in an environment that is important

1 and is viewed as important enough to take care of."

2 So I'm really delighted at the success of this
3 program. Before we worked with CALPIA, we had tried
4 several times just using our own internal resources
5 to achieve this. And we just couldn't put it
6 together. And so I'm very pleased that we reached
7 out to the PIA and that you have so successfully
8 implemented this program for us. My thanks to the
9 Board for your support for that.

10 I think that concludes my remarks, Secretary
11 Beard.

12 CHAIR BEARD: Thank you.

13 Anybody have any questions of Professor Kelso?

14 MEMBER TRUJILLO: Just a comment. You have
15 done an outstanding job. I've been following it.
16 So thank you for your expertise.

17 MR. KELSO: Appreciate that.

18 CHAIR BEARD: Thank you very much.

19 MR. KELSO: Thank you, Mr. Chair.

20 CHAIR BEARD: Move on to the General
21 Manager's comments.

22 MR. PATTILLO: Thank you, Mr. Chairman,
23 Members.

24 My name is Charles Patillo. I am the General
25 Manager of California Prison Industry Authority and

1 the Executive Officer of the Prison Industry Board.

2 I want to say, thank you to Dr. Kelso for
3 coming in and speaking to us. That program, one of
4 things that he did mention was that's provided
5 nearly a thousand positions. Training that folks
6 can transfer those skills out when they leave
7 prison. SEIU wrote a letter of support because
8 those are the folks that they hire when they get out
9 of prison. It's been a very good work program for
10 us.

11 I want to welcome Felipe Martin, again. I
12 spent some time in his office last week. He is a
13 former correctional officer. He is also a
14 construction company owner. And he kind of
15 challenges us like Mr. Greenstone with his
16 questions. I probably sent him five, six different
17 files that he asked for. I appreciate his in-depth
18 look.

19 The action items today that we've got include
20 the balanced budget that funds all CALPIA programs
21 across 114 cost centers now at all 34 CDCR
22 institutions. We are up from the 25 where we were
23 at last year. We got nine more. And the CALPIA
24 central operations office. It includes \$2.6 million
25 that was included in the Governor's budget yesterday

1 as an appropriation for Corrections to partially
2 fund the CTE program. This budget adds another
3 \$600,000 from PIB.

4 The capital budget funds are all health and
5 safety improvements. However, there may be
6 additions needed in the capital budget which we
7 currently don't have undesignated cash for, but may
8 come available later in the year as we close our
9 books. We anticipate needing a telephonic meeting
10 in the near future to discuss specific capital
11 needs.

12 Optical is -- there is special session now,
13 health and welfare. If the optical benefit of
14 Medi-Cal returns to the budget, that would take us
15 from our two factories that we have that are making
16 eyeglasses. Not back to the four that we used to
17 have, but somewhere in between. We need to talk
18 about the capital for that. Right now it's
19 estimated to do the improvements that are needed to
20 accommodate the new load. But if we want to do it
21 right and possibly get it back to the female prison
22 where it used to be, it's going to take substantial
23 amount of funding.

24 MR. WALKER: About \$13,000,000.

25 MR. PATTILLO: About \$13,000,000 for that

1 piece of it.

2 We're working with the Governor's staff.

3 We've got several million dollars in our budget for
4 water reclamation issues, but we are not completely
5 there. We had to do all our health and safety ones
6 first, and water reclamation came in. We've got
7 about \$12,000,000 more water reclamation projects
8 that we can do. Some of that may be funded, but
9 we'll see what our year-end comes in to. But the
10 Governor's office is involved in helping us find
11 grants or other funds out there and has also
12 suggested that we could utilize the authority of
13 borrowing money. We've never done that, but we can
14 do that. It is our ROI project, but that will be a
15 discussion.

16 Dr. Kelso talked about the HFM Program. There
17 are no dollars in the budget right now for expanding
18 HFM to the Stockton Health Facility. We have not
19 finally negotiated what is going on there. Kind of
20 dual tracks that are going on. The Secretary has
21 directed the Division of Rehabilitative Programs to
22 model a program similar to ours and see if they can
23 get it down there.

24 And on an off-the-track issue, Scott is pretty
25 resourceful, he has already developed a program and

1 submitted it on what the cost would be. So it's
2 significant. When we did all 34 institutions, we
3 had to add 200 staff, as you remember. That was a
4 big add. To do that hospital alone would be about
5 --

6 How many staff?

7 MR. WALKER: About 120 staff.

8 MR. PATTILLO: -- about another 120 add.
9 So it's a heavy lift. The biggest issue right now
10 is getting the level of offenders down at that
11 hospital just to backfill the program.

12 We anticipate needing one public hearing of
13 two members between now and December to provide
14 public notice and take testimony to discuss a new
15 proposed enterprise for the Folsom Women's Facility.
16 As a lot of you know, the Folsom Women's Facility is
17 our highest percent of employment of all our
18 facilities. We have been working with the
19 Department of General Services on the E-Waste
20 program for almost two years. It's just about soup
21 right now where it needs a public hearing and needs
22 to go forward. It's getting a lot of positive
23 press, but what we're running it as a vocational
24 program at this point in time even if there is no
25 funds coming into it. It's pretty much a wash. We

1 get most of our resources over at DGS,
2 appropriately, and they take care of them for us.

3 We also have several pieces of regulations to
4 discuss today. There are three. General Counsel
5 will be doing that. As we said before, finally we
6 will close with recognition of several staff and
7 some correctional members that aren't here today.

8 So if there is any questions of me at this
9 point in time?

10 With that, if I can start.

11 CHAIR BEARD: Please.

12 MR. PATTILLO: Our first action item, and
13 it's going to be the annual plan, Tab A. And we are
14 going to be working off -- if you pull this document
15 out of your clear sleeve. This document here.
16 Working off that in the action item.

17 This year's revenue we anticipate will
18 increase about 7.7 percent or \$15.3 million from
19 midyear of \$199.6 to \$214.9 million in revenue. The
20 revenue increase primarily consists of 26 percent
21 increase of healthcare facility maintenance, which
22 is \$5.7 million; metal products, about \$2,000,000;
23 general fabrication, which is modular systems
24 furniture, about 1.4; the other one is egg
25 production. Egg production is going up in dollars,

1 but not because of production, but because of price.
2 You guys, if you buy eggs, they've almost tripled in
3 price in the last 18 months. The reason for that is
4 because of Proposition 2 which required that you
5 have larger spaces for eggs. So a lot of folks,
6 like we did, we got out of the chicken business, and
7 now we're in the egg processing business. Those
8 eggs are very expensive now because a lot of them
9 are coming from out-of-state. A lot of in-state
10 farmers got out of it. That's really just a price
11 increase on that issue. Complete pass through.

12 The cost of goods sold is estimated to
13 increase 8.4 percent, or \$12.6 million from a
14 midyear revised of 150- to \$163.3 million. The
15 increase in cost of goods sold is specifically a
16 manufacturing increase of about \$1.9 million.
17 Services, about \$8.4 million, where the healthcare
18 facility maintenance is; and agriculture about 10
19 percent or \$2.3 million.

20 Our gross profit is raising by about 5.5
21 percent, or \$2.7 million, from \$40.9 million to
22 \$51.6 million.

23 So as you go in the document, we do selling
24 and administrative expenses, the very bottom line.
25 Overall, all selling and administrative expenses

1 after cost of goods sold are increasing 3.3 percent,
2 and the bottom line there, from \$48.7 or \$48,682,000
3 to \$50.3.

4 The increase results from the following:
5 There is increase in central office operations.
6 Most of our employee-related operations, HR, Human
7 Resources, Business Services, MIS, are being
8 affected by primarily the healthcare facility
9 maintenance because we added seven more
10 institutions.

11 When Mr. Martin and I met last week, we were
12 looking at per cost for MIS. I forget to mention we
13 just added seven more new hubs. And so that drove
14 up our price a little bit. It's also driven up our
15 HR cost. This year to date we have 44 adverse
16 actions that are associated with employees of PIA.
17 Thirty-four of those are in the HFM Program. But
18 here's a program that's increased us by 30 percent
19 or 20 percent. It's increased our staff by 30
20 percent, and it's increased our adverse actions and
21 HR costs by -- or actions by 300 percent. So it's
22 taken a lot of our resources to address those
23 entities. I think when we did our due diligence we
24 forget to ask about the HR portion of it, but we are
25 handling it.

1 Scott handled the operational side and, of
2 course, Gary Bush who is our Chief Financial Officer
3 and Randy Fisher on the admin side. There is
4 increase there.

5 External affairs. We have a minor increase
6 because of splitting a position. Operations
7 position management is only \$70,000 increase. The
8 marketing division is where we see our largest
9 increase. It's about \$670,000. That is because
10 we've added two sales reps for Southern California
11 because we have quite a lot of business going on
12 that we are not paying attention to. We are not
13 getting it all. And one web developer position.
14 I've never seen an organization or a site that
15 didn't have a web developer. And so we have a bunch
16 of guys at MIS that fill in from time to time. That
17 service will be moving over to marketing. MIS,
18 about \$340,000. Most of that is infrastructure
19 cost, security issue. Everybody that runs a
20 business knows security and IT is the top thing
21 right now. We also have an external audit right now
22 occurring on MIS program.

23 Human Resources we talked about. The addition
24 of a labor relations compensation analyst and a
25 recruiter position. Staff development is expected

1 to increase about \$90,000. Our staff development
2 budget has doubled over the years even though our
3 staff is down one-third. I think staff development
4 and training is the best investment you can make.
5 ROI on that is immeasurable.

6 The finance division expects about \$440,000.
7 That is primarily due to adding the compliance
8 manager. We are subject to several hundred
9 regulations. And we've never got them in one box so
10 we can maintain them and see that we're keeping up
11 with them every year. From FSMA to MSA.

12 MR. WALKER: ETA, FSMA, ISO, NFPA, OIG.

13 MR. PATTILLO: All the acronyms we're
14 subjected to. We're trying to put them into one
15 unit they can monitor and make sure there is nothing
16 we're deficient on, or we get a violation of some
17 sort.

18 In addition, managing our strategic plan. Our
19 strategic plan is done. We'd hoped to have it done
20 for right now, but we were so focused on the budget
21 that we put it off a month. So we'll be seeing it
22 come out. Thank you to the Board Members that came
23 out and worked on that. Really appreciate that.

24 This fully funds our Offender Development
25 Program, and there's 13 total. We're spending \$3.2

1 million on offender development programs,
2 specifically the CTE. \$2.6 of that is reimbursed
3 from CDCR through the Governor's budget; the money
4 that was in there. I appreciate everybody that got
5 that money and put in a good word so that it went
6 through the budget with flying colors.

7 As you know, we established this in 2006. This
8 is our ninth year running this program. The 13 CTE
9 programs consist of the dive center down at CIM,
10 labor's program at Folsom and Santa Quentin,
11 ironworkers at Folsom, carpentry at Folsom, and
12 computer coding at San Quentin. I think everybody's
13 going to be kicked up that the computer coding class
14 at San Quentin will transition to joint venture
15 within the next year. At that time that program
16 will probably transition back to CDCR, the coding
17 portion. And we'll just manage the joint venture,
18 and also on the male side.

19 On the female side we have the laborers at
20 Folsom Women's Facility and at California
21 Institution for Women. Carpentry at California
22 Institution for Women and Folsom Women's Facility.

23 Mr. Kelly and Mr. Trujillo, you will be happy
24 to know that we've got contracts in Southern
25 California now. Not just Northern California.

1 After seven years. Thank you very much.

2 AutoCAD Folsom. Some of you have seen that.
3 We have two AutoCAD classes we're teaching the
4 females at Camp 12. And we have two facilities
5 maintenance programs that we're running at the
6 Folsom Women's. We have a lot of employment for
7 females.

8 Our distribution costs flat from six months
9 ago. We don't expect any increase, except for some
10 capital expenditures.

11 The state mandated costs. We're actually going
12 to go down about 1.4 percent.

13 Pro rata is expected to go from \$4.1 million
14 to \$4.9. That is the cost that we pay -- I'm not
15 going to pick on you Mr. Almanza -- but that's the
16 cost we pay for all the other control agencies,
17 Legislative, Department of General Services. We all
18 pay our portion. Secretary Beard pays about a
19 couple hundred million, almost a billion of that
20 cost. I only have about \$4.1 million of it, \$4.9.

21 OPEB is coming down. We are estimating that
22 it's going to come down a little bit. A portion of
23 that is because the Governor's negotiating employee
24 contracts right now that will include contributions
25 to OPEB. Where previously we'd been putting the

1 cash aside because we knew we had that liability,
2 now a future portion of that will be contributed by
3 the employee, and that will reduce our bit a little
4 bit. We hope.

5 There's some other issues coming along. GASB
6 45 was obviously the one that dealt with health
7 benefits. GASB 68 now should be coming down the
8 pike saying that you must indicate on your financial
9 statements the unfunded portion of pensions now.
10 That is the next one that is coming down.

11 I'm sure, Mr. Martin, you are aware of that
12 very much so. Right now they're stating that state
13 pensions are funded at 72 percent. So someone is
14 going to have to come up with 28 percent. We'll
15 have to mark it on our books somehow. That will be
16 another discussion.

17 Operating income. We're expecting it to
18 increase by \$1.2 million from midyear. And
19 non-operating expenses are estimated to increase
20 from \$0.2 point million to \$0.9 million. Most of
21 that is a one-time cost that we can subtract below
22 the line for startup costs that are not capital in
23 nature, but they were, like, less than \$5,000 tools,
24 those kind of things, that we can immediately
25 expense. In the current year, we're actually going

1 to do it in the current year about \$2.2 million.

2 Offender employment. The annual plan estimates
3 about 6,433 budgeted offender positions, a decrease
4 of about 5.4 percent or 368 positions from our
5 midyear. Part of that has to do with the inability
6 for us to get minimum support outside the prisons.
7 They're a rare commodity these days. And so we're
8 having to either move things inside where we can --
9 where we have at some prisons. In some cases we've
10 had to backfill with civil servants where we don't
11 have enough resources to get out the product or get
12 the persons out into the warehouses, whatnot.

13 Firefighting is the highest demand for
14 minimums in the state. So they're all at
15 firefighter camps right now. And we're left with
16 probably the folks that can't get into fire camp.
17 Those kind of things. But we're dealing with it.
18 Our minimum support positions right now, over 750
19 are vacant. And we're reducing some of those
20 because we've just done things that work.

21 Our total vacancies right now are upward of
22 about 1,500 of the 6,400 we talked about. That is
23 because of inside we have vacancies. Some places we
24 don't have waiting lists. As institution
25 populations have come down, we're scrambling to get

1 bodies, really, to fill some of these. So we're
2 strategically moving things around. We have
3 launched half-time position programming where we are
4 partnering with CDCR. Some folks that have to go to
5 drug treatment can work half day at drug treatment
6 and work for us half day. Just like anybody else
7 that would have to go drug treatment. Similar
8 experience. As well as our educational half-time
9 programming, working for us half-time.

10 Civil service positions is actually going down
11 four positions from 888 to 884. I anticipate about
12 200 of that obviously is HFM. I anticipate at
13 midyear we're going to drop a few more positions out
14 of there as the HFM program gets up and running,
15 gets more smoothly. Usually the first year that
16 program takes more resources than we have normally
17 in the long run. Just to get it up and running.

18 With that, that concludes my presentation on
19 the budget. Our anticipation is that we will have a
20 bottom line of 496,000 current year budget.
21 Although we said 46,000 for current year, we
22 anticipate that will be a little higher than 46,000
23 we did at midyear.

24 I'll entertain any questions.

25 MEMBER ALMANZA: In regard to the

1 vacancies, 1,500 out of 7,500 positions.

2 MR. PATTILLO: 1,500 out of 6,400. We
3 brought it down from 6,800 offender positions.
4 Brought it down to 6,400. And out of there we are
5 still right at about 1,500 vacancies, 750 are in the
6 minimum side. We could fill those very easily.
7 Some of that we've been moving in the program, and
8 the rest of them are really just inside. That
9 number is about 25 per institution. If you think
10 about it, it's not a lot. It does add up.

11 MEMBER ALMANZA: Is there any risk to the
12 quality of the products, that many vacancies?

13 MR. PATTILLO: Right now I don't think
14 there is. We have cases where we are doing what any
15 company would do. Instead of hiring, we're working
16 overtime. We're having staff work overtime. We
17 have offenders work overtime. Whereas, we normally
18 would have hired another body. But when you don't
19 have people, you do overtime.

20 MR. WALKER: Obviously quality is very
21 important to us. So we pay attention to that. We
22 try to do this strategically. Try to eliminate
23 those or not fill those positions that are more
24 support than actual manufacturing of service. It's
25 a challenge every day to get work through that.

1 Assign positions and try to get more people in the
2 program.

3 I am hoping that bringing some of the
4 out-of-state assignments back, that will help as
5 well. You know, we have to find out what the new
6 normal is. Right. After Prop 47 and 109, where are
7 we at and how do we make this work. As Mr. Pattillo
8 said, moving operations inside. Doing different
9 strategies, hiring people, quite frankly, that we
10 wouldn't normally hire in the warehouse, in
11 particular, to augment that. We are keeping both
12 ends tied together.

13 MEMBER STEEB: On the vacancy front, how
14 are -- have we changed the way we're recruiting
15 within the prisons? Things have changed a lot. I'm
16 wondering if we have changed the way we try to
17 recruit.

18 MR. PATTILLO: I'm not saying we shot
19 ourselves in the foot. I won't go that far. But we
20 did about a couple years. If you remember, we
21 approved a process where offenders had to fill out a
22 application. That kind of brought the number down a
23 little bit. Because what used to happen is we'd get
24 folks assigned to us, and so a lot of them will get
25 assigned at the end of the month. But, basically,

1 I'm not saying padded, but put the numbers on there.
2 And we don't assign folks. We changed that process.
3 So now we only have the true ones that we've hired
4 versus folks that may be in a waiting pool or
5 something like that.

6 But I think as some of this comes down we may
7 find that we can reduce more positions. We need to
8 do that.

9 MR. WALKER: The other thing, Michele Kane
10 put together some recruitment videos that we play in
11 prisons. Just to make people aware of the program.
12 We work with the counselors in the institutions. So
13 when they come in for the initial classification,
14 they know about PIA. We are also sending staff down
15 to talk about that. We are trying to get the word
16 out. We're trying to advertise and make people
17 aware of a lot of those things.

18 MEMBER STEEB: Have you thought about
19 partnering with some of the local jails to sell some
20 of those positions, especially the ones where you
21 need people to go outside, either outside the walls,
22 to perform a function?

23 MR. PATTILLO: We're actually more
24 conversely. We're bringing something to them. We
25 have calf operation that is really hard for us to

1 run in a few dairies. Now we're looking at -- it's
2 raising a bigger calf is what it is. So we are
3 looking at some of the county jails, specifically
4 Sacramento, to see if they can take on our CALF
5 operation at their location. It's very hard to
6 bring county inmates into the prison system.

7 MEMBER STEEB: I was thinking more of some
8 of those off-site to get the job.

9 CHAIR BEARD: Certainly an increasing
10 challenge after Prop 47. Now the fire camps are
11 full, and, of course, fire season and droughts. And
12 we've got about 5- or 600 there, in their operation.
13 Everybody's competing for them.

14 It's true we have a lot of Level 3s that are
15 out of state, but we also have a lot of Level 2
16 inmates that are sitting in state contract
17 facilities. So you've taken them out of system,
18 too. And so everything that is happening, it
19 becomes an increasing challenge for everybody. So
20 we do have to be creative about it.

21 Thank you.

22 Is there any public comments?

23 MS. GUARE: No.

24 CHAIR BEARD: No public comment.

25 All right. Any further questions?

1 Is there a motion to approve the action item?

2 MEMBER TRUJILLO: Mr. Chair, move for
3 adoption.

4 CHAIR BEARD: Is there a second?

5 MEMBER STEEB: I'll second.

6 CHAIR BEARD: All in favor.

7 Opposed.

8 The motion carries.

9 Action Item B. --

10 MR. PATTILLO: Action Item B is the
11 designation of cash to support for Fiscal Year 2015.
12 It's basically PIA's budget that you've just
13 adopted. Our proposed cash position for '15 and '16
14 is projected to increase 3.8 percent or \$3.3 million
15 over the '14-15 annual plan projection of
16 \$86,000,000 to \$89.9 million. Over \$60,000,000 of
17 that is identified as non-available cash that is
18 dedicated to OPEB at this time.

19 Our fund is not subject to appropriation by
20 the Legislature. I wanted to follow up with what
21 Board Members were asking. Could the Legislature
22 sweep that fund? And, actually, Penal Code says
23 that it is not subject to appropriation. That is
24 kind of the way of the option.

25 Behind Exhibit B2 of your binders is a

1 proposed capital schedule of investments in our
2 infrastructure.

3 MR. WALKER: Yes. B2.

4 MR. PATTILLO: The total budget that we're
5 speaking of for capital this year is \$13.1 million,
6 an increase of about 6.1 percent or \$.9 million from
7 last year's annual plan. \$12.9 of that \$13.1 is for
8 field enterprises; \$12.7 for equipment upgrades and
9 replacements; and \$.2 million, \$200,000, for
10 miscellaneous improvements and repair. The central
11 office cost is \$100,000 for four energy efficient
12 vehicles. As we purchase more vehicles now, we have
13 a requirement that a portion of them have to be
14 energy efficient. And several work center
15 improvements, including moving some folks around the
16 building to accommodate some of the new staff that
17 we've got. Modular furniture, some clean up. And
18 mostly just things simple as putting a fence around
19 the property.

20 Is there any questions regarding the capital?

21 There's an item in that that Mr. Martin
22 caught. Was \$1.95 million for Mule Creek. And that
23 \$1.95 million is for the new food packing facility.
24 I think it kind of looked like it was going into the
25 meat plant, but that's not where it was going. It's

1 going into the new facility that you all adopted
2 previously in December. It's not on-line. We had
3 to get the equipment out there so we can get that
4 authorized.

5 Any questions on the capital side?

6 CHAIR BEARD: Any public comment?

7 No cards. No public comment.

8 Any further discussion on that?

9 Do I hear a motion to approve Action Item B?

10 MEMBER KELLY: So moved.

11 CHAIR BEARD: Do I have a second?

12 MEMBER SINGH: Second.

13 CHAIR BEARD: All in favor.

14 Opposed.

15 Motion carries.

16 Action Item C is the transfer of existing funds
17 to CalPERS CERBT, whatever that is. This is
18 something that I would like to pull and put on the
19 next Board meeting. Up until last night I was under
20 -- I had the understanding that Finance was on Board
21 with us moving ahead with this. And I found out
22 from the Director of Finance last night that they
23 would like to have some further discussion about how
24 this was going to be done. And I think we need to
25 make sure we are on the same page with Finance and

1 the Governor's office rather than move ahead with
2 this.

3 If nobody has an objection, I would like to
4 pull it and perhaps we can have some further
5 discussion with Finance and then get it on for the
6 next meeting.

7 MEMBER KELLY: I had quite a few questions
8 about this fiduciary, by making this decision to put
9 pension money into CERBT fund.

10 MR. PATTILLO: It's not a pension.

11 MEMBER KELLY: What is it?

12 MR. PATTILLO: Other post-employment
13 benefits. Retirement fund.

14 MEMBER KELLY: Where does the money go?

15 MR. PATTILLO: They're managing the fund,
16 so you're correct.

17 CHAIR BEARD: Does anybody have any
18 objection with pulling this item?

19 Okay. Thank you. Move onto the next item.

20 MR. PATTILLO: Item D, I'm going to have
21 our General Counsel, Jeff Sly, come up. The next
22 three items he will be presenting.

23 MR. SLY: Good morning. Jeff Sly, General
24 Counsel for PIA. Start with the Action Item D.

25 Action Item D, you've seen this before. You

1 saw them at the last Board meeting. You approved
2 them. These regulations basically do a couple
3 things. They create part-time positions and call
4 for the loss of PIA jobs if anybody tests positive
5 for drugs or has any other drug or alcohol related
6 violations in the institution. It requires the
7 inmates to have six months of discipline, drug and
8 alcohol free and also complete a substance abuse
9 program before being eligible to rehire with PIA.

10 The reason this regulation is here for you to
11 look at again today, if you will look at your
12 Exhibit D1, which is the proposed text, and if you
13 look at two of five and about halfway down the page
14 under large subdivision C, which would make that
15 regulation 8004 (c) (4) (C). Essentially, what we
16 have done is we received a comment after your
17 approval last time. We had to go out with a 15-day
18 renotice. We went out with that renotice, and we
19 received a comment from an inmate, and inmate who
20 apparently had a job with PIA working in computers.

21 He was concerned that the way it was written
22 that any occurrence of computer abuse after
23 admittance into the prison system would bar an
24 inmate from a position using computers. What this
25 individual pointed out was that an inmate can

1 receive a write-up for something that is, like,
2 spilling food or water on a keyboard, and that would
3 be considered potential computer abuse. He was
4 concerned that in and of itself would bar him for
5 life for being able to operate or to be put in a
6 position of operating a computer.

7 That really wasn't our intent. Our intent
8 with this regulation was if we got somebody using a
9 computer inappropriately, to tap into the outside
10 world or do something illegal, that's the kind of
11 abuse or violation that we really intended. We made
12 the change. We changed it to the language that says
13 any documented institutional disciplinary action as
14 described in Sections 3000 and 3312. That is
15 Title 15 CDCR regulations, which calls for rules
16 violations. In that circumstance, an inmate
17 receiving that kind of a violation would then
18 preclude him from having a position in PIA operating
19 a computer.

20 So we made that change. Put it back out for
21 15-day notice again. Received no comments. What I
22 really need for the Board to do today is re-approve
23 this, recognizing that that's the only change that
24 we've made. And with that we can now submit this to
25 the Office of Administrative Law for approval and

1 adoption.

2 CHAIR BEARD: Any comments?

3 MEMBER MARTIN: I was a little concerned
4 regarding some of the wording and taking out the
5 inmates with a history of escape in light of the
6 escape that transpired in New York. The inmates in
7 PIA have access to tools that otherwise other
8 inmates would not have access to. Inmates do have a
9 history of escape. Where better to have them than
10 in PIA. You really -- I wouldn't think we have them
11 in PIA.

12 MR. PATTILLO: Or worst could happen.

13 MEMBER MARTIN: Where better to be than in
14 PIA. You have access to all those tools. So I
15 wasn't here in the previous Board meetings and,
16 obviously, this is the first time I have had a first
17 chance to look at this.

18 CHAIR BEARD: I think the change there was
19 that this excludes anybody whoever has an escape
20 history. Whereas, the Department, CDCR, has a
21 ten-year exclusion. So that for fire camps, for
22 instance, we put people in fire camps and other
23 assignments, if they have -- if it's over ten years,
24 an escape history.

25 All this was doing was to comport it with what

1 the Department's policy is. It doesn't mean if you
2 have an escape history that you can have the job.
3 It has to be over ten years old. It has to follow
4 the Department.

5 Am I correct on that, Mr. Sly?

6 MR. SLY: Yes. And this is for everybody's
7 benefit. The language that we're talking about
8 right now shows up on Page 1. If you flip back one
9 page, you get to LWOP 8004 participation, and you
10 will see the lined out language under (b)(2) where
11 it talks about inmates with the history of escape.

12 Essentially, to give a little background for
13 Mr. Martin's benefit, perhaps. We created this
14 regulation in the first place to comply with the
15 language that CDCR has in its Title 15, the policies
16 that it uses through its classification committees.
17 Essentially, this was a classification issue as to
18 when would an inmate be permitted to be assigned to
19 a position at PIA.

20 And our section here was, essentially, created
21 in the first place to match up with CDCR's. What we
22 discover was that CDCR was in the process of
23 changing their requirements. And they're looking at
24 a ten-year history, is what I believe it is now. I
25 believe CDCR is evaluating that to maybe consider

1 going down to a five-year history.

2 What we decided, since it's dealing with
3 classification, we don't have anything to do with
4 classification. We rely on CDCR to send us inmates
5 that are not a flight risk, send us inmates that we
6 don't have to worry about. Those kinds of issues.
7 We decided to try and chase their regulations all
8 the time would be problematic when, at the
9 institution level, they're going to decide who is
10 eligible to come to work for PIA.

11 At the Secretary's suggestion of trying to
12 bring our language in compliance with theirs, we
13 decided it would be easier to remove this
14 requirement. Take this regulation out of PIA and
15 rely upon CDCR's regulation and CDCR's assignments
16 and CDCR's assignment committee. You heard me
17 propose that at the last meeting. We checked with
18 -- I forget now who the department you put us in
19 contact with. I want to say DAI or DIA, or
20 something --

21 CHAIR BEARD: DAI.

22 MR. SLY: We talked to the captain who is
23 in charge of this and who is writing their
24 regulation, and he told us this is how this is going
25 to work. They are going to make the determination

1 at the classification committee using their
2 regulation. If ours is always chasing and it's more
3 strict than theirs, we're limiting the pool of
4 people that we can actually have as applicants.
5 That is why we struck this. And that was approved
6 by the Board at the last meeting.

7 MEMBER MARTIN: Okay. Thank you.

8 CHAIR BEARD: Any other comments?

9 Any public comment?

10 No public comment.

11 Okay. Do I hear a motion to approve this
12 item?

13 MEMBER SAITO: Move adoption.

14 CHAIR BEARD: Do I have a second?

15 MEMBER MARTIN: Second.

16 CHAIR BEARD: All in favor.

17 Opposed.

18 Motion carries.

19 Next item.

20 MR. SLY: Now we'll look at Action Item E.
21 I guess I'll start out by a little bit of
22 introduction to this item, and say that the Board
23 have seen some of this before under the 20
24 regulations that we've been working on over the last
25 about 18 months. I think that I reported at the

1 last meeting that we were having some difficulty
2 getting all of those through the Office of
3 Administrative Law. We pulled that package back
4 after receiving disapproval of our overall packages
5 and separated out our regs. The 15 that they
6 approved and were okay, we resubmitted. Those have
7 now been adopted. They are published and are going
8 into effect on July 1st.

9 These four that we have right here were the
10 ones that OAL was having issues with as we were
11 going through the process of the 20. We thought it
12 probably would be easier, given what they indicated
13 in their disapproval, to just deal with it and focus
14 on these.

15 As it relates to that, the one regulation that
16 they really were having some difficulty with, and if
17 you look on, this would be under Exhibit E1 at this
18 time, the first page. Section 8115, familiarity.

19 What OAL's real problem seemed to be was that
20 they didn't think that it was reasonable for us, for
21 Prison Industry Authority, to regulate the kind of
22 conversations that staff can have with inmates.
23 They thought it wasn't realistic to think that
24 inmates and staff would not have casual, personal
25 conversations in the course of the workday. And

1 they thought us trying to regulate that to only
2 work-related topics necessary to get the job done
3 wasn't realistic.

4 So their disapproval is based upon clarity and
5 necessity. They said it wasn't necessary for us to
6 do that. The way it was written they didn't think
7 was very clear. What we did was we pulled those --
8 at the time there was only three regulations. We've
9 now broken them up and made four. The other three
10 we didn't -- the three following this we really
11 didn't receive any real objections from them, based
12 upon our reshopping these through them.

13 The one they really had issue with, if you
14 want to say the one we were going to die on, this
15 probably is that hill that we're going to have to
16 die on. They don't think, again, that it's
17 necessary or reasonable that we try to regulate
18 conversations with employees. Given the comments
19 already that have been made by Mr. Martin about
20 prisoners up in the New York area, I would submit
21 that escape started way, way back, earlier, with
22 probably what seemed at the time a very harmless
23 conversation between those inmates and the employees
24 at the prison, and over time worked itself into a
25 situation where now two guys are running around the

1 State of New York free because they got an unwearied
2 staff member to help them.

3 So what we're hoping today is to create a
4 record, get some people on the record. We submitted
5 this out to our administrators in the field. Got
6 some comments from them about the importance of
7 regulating even something as simple as a
8 conversation between an inmate and a staff member
9 because those are what lead to other things.

10 MR. WALKER: If I could. This was a topic
11 of conversation that we had with the administrators
12 in the field back and forth. We don't want to treat
13 these offenders as if they are not human beings.
14 You want to interact with them. You want to make
15 them feel like they are important to the
16 organization because they are.

17 The challenge is that some staff are better at
18 drawing that line than others. So part of the
19 rationale behind this, and before the New York thing
20 that emphasizes it, was some staff members need that
21 bright line to tell them that you shouldn't start
22 talking about your favorite baseball team or you're
23 going to the game this weekend or you live outside
24 the stadium. Because it can lead to places where we
25 don't want to go.

1 As Mr. Pattillo highlighted earlier, our
2 adverse actions are up to 44 this year, which is
3 astronomical. That is an approach that offenders
4 unfortunately use, some of them, to befriend staff,
5 start to develop that relationship. And it goes
6 downhill from there.

7 We felt very strongly about holding a line on
8 this and giving staff that need that little
9 additional support that says the rule says, "I can't
10 do this." So we were very careful to make sure that
11 we are trying to protect the staff and at the same
12 time trying to make it an environment where it is an
13 interactive process, but not to the point where you
14 start to have personal conversations.

15 MR. SLY: That's exactly what our issue is,
16 and we are hoping that OAL will recognize the
17 importance of this. Certainly Secretary Beard
18 weighed in on it. But I think what we are going to
19 do now is ask the Board to approve this, emphasizing
20 that it is necessary and we do need this regulation
21 as it is written. We need that. As Scott pointed
22 out, that line in the sand there, our employees can
23 point to and say, "Sorry. I can't have that
24 conversation with you and this is the reason why."

25 Is there any other question?

1 MEMBER ALMANZA: Sounds like it would be a
2 condition of employment. Is this an issue that's in
3 the collective bargaining agreement?

4 MR. PATTILLO: No. It's actually part of
5 Title 15 which, if you are employed with CDCR, you
6 have to sign it, accept it and read it. So it's
7 outside the collective bargaining.

8 MR. SLY: Just in reference to that.
9 Because these were personnel regulations, we did
10 notice all the bargaining units with regards to all
11 these from the beginning. They've received. In
12 fact, very early we received some comments from a
13 couple of the union representatives. And we
14 incorporated some of those changes early on, back in
15 the other 15 that are already. They are all aware
16 of this. None of them have objected to it. They
17 all understand the purpose behind it. They are as
18 interested in protecting their own employees as we
19 are.

20 MEMBER ALMANZA: If it was built into the
21 agreement, you wouldn't have a regulation?

22 MR. SLY: Sorry?

23 MEMBER ALMANZA: If it is part of the
24 collective bargaining agreement, there wouldn't be a
25 need for the regulation?

1 MR. SLY: I still think that we would need
2 the regulations as an enforcement tool. Some of
3 actions that you guys have heard about, the 44
4 disciplinary actions --

5 MEMBER ALMANZA: That would make it easier.

6 MR. SLY: It gives the solid regulatory
7 enforcement tool that we need when somebody violates
8 that, to take administrative or adverse action to
9 either remove them or figure out what needs to be
10 done.

11 MR. PATTILLO: Mr. Almanza, we give
12 extensive training on overfamiliarity to all staff.
13 Once in a while some staff, starts with the
14 overfamiliarity. New York is an example. Those
15 were correctional industry employees. So just like
16 PIA employees. But we give extensive training to
17 all the staff. It just happens; it gets a little
18 far. This is just solidifying what we've been
19 doing.

20 MEMBER STEEB: I would appreciate
21 understanding any comment you may have,
22 Mr. Secretary, on this topic, this language.

23 CHAIR BEARD: Well, you know, I think
24 there's absolutely no question that we train all of
25 our employees not to become, literally, familiar

1 with inmates. Absolutely right with what Mr. Sly
2 said and what Mr. Walker said. These things will
3 start with very innocuous things. These inmates are
4 very good, and the regulation shows you can get
5 deeper and deeper. They ask you to do some little
6 thing for them, and you do it. And now they've got
7 the hook in you, and it goes from there.

8 I have no doubt that that is what happened
9 with that lady in New York. Now there's a
10 correction officer that is potentially involved in
11 that. So I do think you need to have sort of a grey
12 line with people. We do need to treat inmates as
13 people. We need to be able to carry on work-related
14 kind of conversations with them. Things that can
15 help them. But we shouldn't be personalizing. Once
16 you start personalizing things, that's when you
17 start down the bad road.

18 MR. SLY: This regulation also serves to
19 put inmates on notice, too, that we are serious
20 about this. Even though this is a personnel
21 regulation that is going to show up in regulations
22 affecting personnel at PIA, the inmates get copies
23 of Title 15 regulations every year. They know what
24 rules are on both sides. It is also a tool that we
25 can use against them as well.

1 If there are no other questions for me, I will
2 turn it back over to the Chair.

3 MEMBER MARTIN: I do have a question, and
4 pardon my ignorance a little bit, on the assignment
5 of inmates when it comes to family members. If,
6 say, a family member is working for PIA, do they
7 automatically get reassigned out of that industry or
8 can they actually work together in the department?

9 MR. WALKER: Talking about a PIA employee
10 and an offender who is incarcerated in that factory?

11 MEMBER MARTIN: Yes.

12 MR. WALKER: There is no specific is
13 regulations on disclosure. We require, them to
14 disclose all those relationships. And the practice
15 is - I don't know if it is written anywhere - but
16 the practice is we, generally speaking, we require
17 disclosure. I was involved in an instance that an
18 offender transferred out of that institution because
19 there was a staff member that was working there that
20 was related. We have done that about two weeks ago.

21 MR. PATTILLO: On the notification list
22 there is a check the box. Does this inmate need to
23 be moved out of this institution? Most of the time
24 it's a no because they're telling us about someone
25 they have in Northern California. But in this case

1 it was a yes. The person had to go.

2 MEMBER MARTIN: My comment would be, I
3 guess would be on Page 2 that they kind of talked
4 about notifying. But as you stated, there is no
5 written requirement. I would say that we add a
6 written requirement that they be reassigned
7 somewhere else.

8 MR. SLY: These regulations that Prison
9 Industry Authority are passing on with regards to
10 our employees. We have no authority over
11 transferring inmates. The regulations would be on
12 the Title 15 section under unit three, I believe,
13 that CDCR is in control of. I am sure we have
14 regulations and policies and procedures in place
15 that dictate how that is going to play out.

16 As Mr. Walker just pointed out, I think it was
17 three weeks ago we had a staff person at Solano CMF
18 within a short period of time for disclosing three
19 people that she was related to or had relations
20 with. Two of them were gone the same day. I think
21 they have a pretty good system set up for doing
22 that. We don't have any authority over that.

23 MEMBER MARTIN: Thank you.

24 CHAIR BEARD: Any other comments?

25 Any public comments?

1 None. Okay.

2 Do I a hear a motion to approve?

3 MEMBER TRUJILLO: Chair, I move for
4 adoption.

5 MEMBER STEEB: Second.

6 CHAIR BEARD: All in favor.

7 Opposed.

8 The motion carries.

9 MR. SLY: Item F. This is our conflict of
10 interest code. This one is before you today
11 basically for your approval, but more so just for
12 notice. These regulations are adopted through the
13 Fair Political Practices Commission. As you are
14 aware, a few years ago we adopted a new code
15 separating ourselves from the Department of
16 Corrections code. As members of the Board, you are
17 regulated by our conflict of interest code. Every
18 other year, biannually, FPPC sends out a notice to
19 all agencies that haven't reviewed their code in the
20 last two years, to review their code and make
21 changes as necessary.

22 If you look at Exhibit F1. So this would be
23 Appendix A of our conflict of interest code. This
24 is where our changes have occurred. Over the course
25 and time in between when the final code is adopted

1 and it comes up for its review, things change at
2 agencies. As Chuck had pointed out earlier with the
3 janitorial staff HFM - I'm sorry tongue-tied. We
4 provided a bunch of new positions that were not
5 previously on our codes.

6 So, essentially what we did, we went through
7 and added some of those positions. Some
8 classification changes over the last couple years.
9 There's a process that the FPPC has in place that's
10 called Form 804, pursuant to their procedures and
11 regulations. Those changes can actually require
12 people to file statements of economic interest and
13 disclose financial interests in between the time
14 period that a code is adopted and the time when the
15 code is reviewed. By use of this form and notifying
16 the employees of those changes and the fact that
17 they now have an obligation to file.

18 So what we do is take this opportunity to put
19 all those positions off that Form 804, put them into
20 our current code. All of our changes you will see
21 through the strikes and highlights. That's what
22 changed in our code. It has only to do with
23 designated positions. Our disclosure categories are
24 just for informational purposes. Shows up in
25 Exhibit F3, I believe, F3, Appendix B. Those are --

1 the last two pages of Exhibit F3 are the disclosure
2 categories.

3 But that's for informational purposes. You
4 can see there are no change there. So all the
5 disclosure categories remain the same. These have
6 been approved. These changes have already been
7 approved by the Fair Political Practices Commission
8 that are currently out for a 45-day public notice.

9 We are asking the Board to approve these
10 today. When our notice period ends on August 3rd,
11 we will be able to go ahead and send these to the
12 Office of Administrative Law for publication. We're
13 anticipating having these on board, published and
14 approved before the end of the year. So that next
15 year when we go into the new year, we will have a
16 new code.

17 CHAIR BEARD: Any questions?

18 No public comment.

19 Do I hear a motion to approve?

20 MEMBER KELLY: So moved.

21 MEMBER STEEB: Second.

22 CHAIR BEARD: All in favor.

23 Opposed.

24 Motion carries.

25 MR. SLY: Thank you.

1 MR. PATTILLO: For the next item I'm going
2 to have Randy Fisher, Chief Administrative Officer,
3 come up.

4 MR. FISHER: Good morning, everyone. My
5 name is Randy Fisher. I am the Chief Administrative
6 Officer for CALPIA.

7 In your packet, G1 and G2, is a follow-up to a
8 discussion back in January 20th. The Board
9 established a committee to, basically, review and
10 establish a recruitment, retention and evaluation,
11 compensation group for the general manager
12 evaluation process for the general manager position.
13 Our committee was comprised of Vice Chair Singh,
14 Member Alegria, Member Masteller, Member Steeb,
15 Member Trujillo, and I also was in the process.

16 We had several meetings on that, and the
17 committee went forward and produced the document
18 that you have before you. Basically, it developed a
19 general manager evaluation process. It provides for
20 a yearly formalized evaluation. It provides a
21 method whereby the Board can set expectations for
22 the general manager for the following year. It sets
23 a measurement of performance that happens on a
24 yearly basis. It maintains a record of that
25 performance for which you can go through your normal

1 process of evaluation for general manager position.

2 Exhibit G1 is the actual procedure. We have
3 it in an ISO format, which is generally what we
4 utilize here, which has the basic processes.

5 And Exhibit G2 was the general manager's
6 evaluation survey instrument that was developed by
7 the committee.

8 If there are any questions, I can go through
9 this highlight issue. If you are comfortable with
10 that, then I have no further comments unless you
11 have questions. And I will be happy to answer them.

12 MEMBER KELLY: When the committee goes over
13 this, and you said they can set out some policies
14 and procedures that the general manager would like
15 to work on. Where is that at on there? I didn't
16 see it.

17 MR. FISHER: It would be under item four.
18 It talks about the -- first, let's run through the
19 topics first. Item 2 is responsibility of the Board
20 and three the definitions, which talks about the
21 establishment of executive evaluation committee.
22 What occurs. If you go to Item No. 4, 4.3, it talks
23 a little bit about the criteria that can be
24 established that you provide to the general manager.
25 And if you go to 4.4 and 4.5, it indicates where you

1 can add additional information. Sets that criteria
2 that is supposed to occur in the fourth quarter of
3 each year. Set up those expectations for the
4 following year.

5 So the G2, which I spoke about, is the survey
6 instrument. That is the guidelines that you can
7 utilize. As it says, you can add to it. Provide a
8 different input. There was also a section that the
9 committee wanted to add on 4.5.4 that says that you
10 can also solicit from PIA's executive staff as well
11 if you wanted to do more of a 360 evaluation
12 process.

13 CHAIR BEARD: Any others questions?

14 Do we need to vote on this?

15 MR. PATTILLO: Yes.

16 MEMBER SINGH: I have been on the PIA Board
17 for the last 20 years and before that I was a
18 commissioner for the City of San Francisco, the
19 State of California. And I have seen so many
20 general managers here and, actually, so many other
21 places like the commission for the city for the last
22 28 years. And I have not seen such a smart general
23 manager like Mr. Pattillo. He's doing a great job.
24 He creates so many relation with the Department,
25 with neighbors. And I was looking at Folsom Prison

1 recycling material for everything. So I think he's
2 going doing a great job.

3 MR. PATTILLO: Thank you.

4 MEMBER KELLY: In the end when we did all
5 these things -- where does it lead to? I mean, he
6 is doing a great job. We give him that all the way
7 through. In the end what does it do for us as a
8 Board? And what does it do for the general manager?

9 MR. FISHER: Would you like me to answer
10 that?

11 MEMBER KELLY: Sure. Anybody that can
12 answer the question.

13 MR. FISHER: I don't what to speak for the
14 committee. In general, the whole purpose was to set
15 up a standardized process to provide you folks and
16 the general manager some communication between
17 expectation and goals and how they are supposed to
18 be established throughout time.

19 As you go through the evaluation process, you
20 can add goals for the following year, and those
21 expectations to put into a file. When this
22 evaluation process is done, an actual summary is put
23 together and provided to the general manager and
24 kept in his personnel file, for lack of a better
25 term.

1 There is also a section in here that indicates
2 if you want to make a recommendation with respect to
3 compensation and those kinds of things. That's also
4 outlined in here. That provides that process
5 whereby you can make a recommendation to the
6 Governor's office. That is under item 4.15. A lot
7 of these evaluations, there is an area of
8 performance that you want with some critical
9 performances that you would like to have changed or
10 have modified. That is where this policy would come
11 in. Especially useful to you folks as a tool so
12 that you can use that in working with the
13 performance.

14 I am not sure if that answers your question.

15 MEMBER KELLY: Well, a while back the Board
16 made some recommendation for some compensation. I
17 guess this is the outcome of this. And then I guess
18 from what you said, it's the Governor's office that
19 has the last say in that?

20 MR. FISHER: I'm not sure I can make that
21 definition of term.

22 MEMBER KELLY: How about our attorney? Can
23 you tell us who gets to make the final decision -
24 the Board, the Governor's office, head of CDCR? Who
25 gets to make the final decision on the general

1 manager's compensation package?

2 MR. SLY: It is my understanding that it is
3 a combination of Cal HR recommendation and the Board
4 and the Governor's office. The petition as it
5 exists right now is that it is an exempt position.
6 Is that not correct? And compensation there is
7 established by the Governor's office. That is my
8 understanding. The Board can make recommendation,
9 but I think at the end of the day that's where that
10 final decision is going to be made.

11 CHAIR BEARD: That is my understanding.
12 It's like with any exempt position that works for
13 me, if I have an employee that is doing an
14 outstanding job, I can recommend that employee for,
15 say, a 10 percent pay raise. The Governor's office
16 will make the decision whether there is pay raise
17 and whether it is 5 percent or what it is. And so
18 there are times we make recommendation and we get
19 approval. There is times we get less than what we
20 asked for and there is times when we get nothing.
21 That is where the final decision is made on all the
22 exempt positions. HR gets involved in it. I think
23 the Board's recommendation is much like when I make
24 a recommendation for an employee and relative to the
25 process that is followed.

1 MEMBER KELLY: Thank you.

2 MEMBER TRUJILLO: I have a question,
3 Mr. Chair. 4.16, the general manager shall be
4 eligible for education, executive training allowance
5 if appropriated by the Board. What does that mean?

6 MR. FISHER: Right now under the current
7 state process, there is a training fund that is
8 available, based on department operational needs and
9 what available funds they have to provide training
10 programs for various classifications.

11 For example, I attended a conference recently
12 about staff development and myself and my own
13 personal increase of that. And this the departments
14 have the authority to provide those, approve those
15 to go through. This basically puts, codifies, the
16 fact that the Board also had that same authority.

17 MEMBER TRUJILLO: I was wondering if that
18 is tied into wages, where you're getting an
19 educational certificate or degree or something.
20 Would that affect the pay?

21 MR. PATTILLO: Only if the Board
22 appropriated it.

23 MR. FISHER: It would be funding for
24 educational purposes.

25 MEMBER TRUJILLO: Thank you.

1 CHAIR BEARD: Any other questions?

2 Public comments.

3 Motion to approve.

4 MEMBER TRUJILLO: So moved.

5 MEMBER SINGH: Second.

6 CHAIR BEARD: All in favor.

7 Opposed.

8 Motion carries.

9 MR. FISHER: Thank you.

10 CHAIR BEARD: We move to the informational
11 items.

12 MR. PATTILLO: I'm going to bring Rusty
13 Bechtold whose going to come up. He's the
14 administrator over the workforce development branch.
15 He's up at the podium.

16 MR. BECHTOLD: Thank you.

17 Mr. Chairman and Board Members, my name is
18 Rusty Bechtold. I'm the workforce development
19 branch administrator for the California Prison
20 Industry Authority. I am here to discussion the
21 informational item in your binder. We're going to
22 be starting first with Item H in your binders that
23 discusses lost hours.

24 Some of the items that are discussed are in
25 regards to your vacant hours, but I'll go over some

1 of the numbers briefly to give you a summary.

2 The total lost hours overall between the first
3 and second quarters, had an increase of 8 percent.
4 However, over the last four quarters they've been
5 fairly flat at about 3 percent increase. So very
6 little change in regard to overall lost hours. Some
7 significant improvements breaking them out
8 individually would be in the industry related
9 category where our staff in our operations are doing
10 a better job with the limited resources in the
11 industry-related field. We are down 28 percent in
12 regards to lost hours, and over a year's period of
13 time we are down 43 percent. So they're both out
14 there working with the resources they have.

15 We talked about the vacant categories down
16 there. We're about 32 percent between the first and
17 second quarter. And overall the last year about 26
18 percent dealing with the Prop 47 and 109 issues. We
19 hope that with those a thousand, 2,000 inmates
20 coming back into state that we can hopefully reduce
21 that vacant lost hours.

22 The actual paid hours, very important in
23 regards to that, is down in the last two quarters by
24 5 percent. However, before it was up, so overall we
25 are up 6 percent over four quarters in regards to

1 actual paid hours. So over a year's time we are
2 doing well in regards to paying more because we're
3 having them on the job site.

4 Available work hours is down, too, and overall
5 in the year up 3 percent. Overall, lost hours is
6 fairly stable, but a lot of good areas we are making
7 improvements in in regard to getting more hours for
8 these offenders to work in and train.

9 Are there any questions from the Board and
10 Chair on this point before I move on?

11 On accredited and external certifications,
12 under Item I in the binder, Pages 1 and 2. We have
13 122 accredited external certifications in the last
14 two quarters been available to the offenders. The
15 minimum for the meeting today within the first three
16 quarters, and we have 3,291 offenders enrolled in
17 certificate programs. If you compare that to the
18 last four years, we are 3,096. So already into
19 three quarters we are 195 above the previous year,
20 with the last remaining quarter to be measured.
21 That is a great accomplishment.

22 For the first three quarters we have 2,952
23 offender accredited certifications closed, meaning
24 that they went through the entire process and the
25 actual certifications were closed. Out of that

1 number we had for the previous year 2,123 close for
2 the entire year. So, as you can see, a significant
3 increase in closures of almost 40 percent when
4 comparing three quarters to a whole year.

5 One of the great measurements we have had,
6 2,132 that were successfully completed. Meaning
7 they passed that particular certification. That is
8 an increase of about 56 percent of last year's time
9 for a whole entire year. We are giving more
10 certificates. They are taking more certificates and
11 they are passing more. That means we are putting
12 out more qualified, trained offenders to go out in
13 the workforce through our programs.

14 MEMBER STEEB: What do you attribute the
15 pretty significant increases to both in terms of
16 completion and in terms of taking advantage of the
17 certification?

18 MR. BECHTOLD: One of reasons is that our
19 staff teams are just doing a better job in regards
20 to offender recruitment, the culture is changing.
21 We know the understanding and importance of it. We
22 keep preaching it. We keeping practicing it, and
23 they inform the offenders what the benefits are of
24 taking these sorts of things. It is a requirement
25 for them to be involved if they qualify. So they

1 have to be enrolled in a program if they want to
2 stay inside our PIA programs.

3 MR. WALKER: We changed two years ago. It
4 used to be optional. It says that if you do good
5 and you're working good, this will be the care that
6 we give you. You can enroll in these certifications
7 We changed that approach to basically say if you
8 qualify for one of these certifications, it's no
9 longer an option. You're going to be enrolled in a
10 program. It benefits us and it benefits them. That
11 shift in the program, that approach to it, has
12 created - and Rusty's team, obviously, manages that
13 and has created a lot more. The other thing is the
14 HFM program and the APC accreditations. Those are
15 very valuable certifications. A lot of people
16 enrolled in that. Our approach to this thing has
17 been a catalyst, and Rusty's execution really made
18 it work well.

19 MEMBER STEEB: Thank you.

20 MR. BECHTOLD: We've also had the
21 opportunity of finding training that applies to all
22 work areas. So it's not specific anymore. We have,
23 you know, several programs. No matter if you are
24 running ink production or building furniture, you
25 can take the health and safety certification course.

1 So it's not very specific. It means now that that
2 particular accreditation is available to everyone.
3 So if you're a welder, you get the welder and
4 obviously the ink production people, they don't
5 because there is nothing available. So the more we
6 can find that they can participate in, that helps
7 support that general.

8 MEMBER STEEB: Thank you.

9 MR. BECHTOLD: Any questions before I move
10 on to the next section?

11 Proficiency certification on Page 2 is another
12 part of our training. Just to give some quick
13 numbers. The first three quarters we've had 616
14 offenders that have received proficiency
15 certifications. Last year we issued 732. We
16 anticipate to surpass that number by the end of the
17 fourth quarter in regard to issuing those
18 proficiency certificates.

19 Just a brief explanation. Proficiency
20 certificates are demonstrating skills, knowledge and
21 abilities in the enterprise that they are assigned
22 to. So it's not just about attending work for 1,500
23 hours and we give them a certificate. They have to
24 demonstrate that they know skills, knowledge and
25 abilities of actually doing the job. We have to put

1 them through that particular process. They have to
2 pass that exam before they can move on.

3 We anticipate that there is to be well over
4 the 732 number by the time we calculate the final
5 fourth quarter. We are in the process of actually
6 switching the process from the 1,500 hours to the
7 proficiency exams. We are about two-thirds of the
8 way through. So some of them are either in the last
9 of the 1,500 hours. Two-thirds are going through
10 the new process. We hope to have that all in place
11 by next year so they are all in the new program.

12 Any questions about that one?

13 GED and high school diploma status. Right now
14 in regards to third quarter, we have about 69
15 percent with a GED that are currently employed by
16 PIA, 26 percent that do not and about 5 percent that
17 are in the process of getting that. In comparison
18 to a year ago, we are sitting approximately right
19 around 5 or 6 percent where we were past year, based
20 upon the numbers that we got regarding.

21 This concludes my presentation. If anyone has
22 further questions that I can help answer.

23 Thank you.

24 CHAIR BEARD: Thank you.

25 MR. PATTILLO: The last information item,

1 and after that we have Michele come up, is the
2 employee of the year presentation, and probably one
3 of most important things that we do every year. We
4 actually have six people that are being recognized.
5 Only two today. I'll start with the -- actually, we
6 nominate award for the correctional officer. And
7 the correctional officer of the year is down in
8 Chino, and his name is Leonard Pomfret, and he
9 handles the gate for our dive program.

10 I met this gentleman multiple times. If
11 you've gone to the dive program with me, you met
12 him. Always wearing Smokey the Bear hat. One of
13 the most professional correctional officers I've
14 ever met. He's a 20-something year retiree from the
15 Air Force. He now works for us. He was nominated
16 just for his professionalism in running our
17 operation down there.

18 The second correctional person was Elvin
19 Valenzuela, the warden at California Men's Colony.
20 The warden of the year. He's served in multiple
21 positions with CDCR. He is a big supporter of ours.
22 He's always the first one to invite us to a county
23 conference or presentation on folks that he knows.
24 He also looks out for our programs very well. And
25 these days with wardens changing so often, it is

1 very good to have a warden that knows what we do and
2 can help us out.

3 On our employees. The employees that aren't
4 here: Carole Jones, employee of the year in central
5 office. Sandra O'Donnell, supervisor of the year in
6 the field.

7 Employees that are here today. Teresa Malcom,
8 employee of the year, field. And Teresa Malcom is
9 industrial warehouse and distribution specialist at
10 Avenal State Prison. She's been with CDCR about 23
11 years. She oversees the day-to-day operations of
12 the modular furniture warehouse at Avenal. And as
13 you know and Mr. Almanza knows very well, we do all
14 the modular furniture it the state, or a large
15 portion of it, we have a centralized warehouse down
16 there that holds all the new product as well as the
17 refurbished product. I had a chance to visit with
18 her a couple months ago. I've never seen a
19 warehouse that runs that well. We actual know what
20 we've got. That was a big difference, as
21 Mr. Almanza knows, when we had, not us, but in
22 general there was parts and pieces all over the
23 state. We kind of got them in, and she does a great
24 job.

25 So come on up. Take a picture with the

1 Secretary and the employees and myself. And after
2 if the Board Members can stay right after and get a
3 group photo.

4 Our second employee of the year, and I think a
5 lot of you come up to our operations and you visit
6 with everyone. I'm going to read this so I don't
7 blow it.

8 Scott Perkins is a branch manager over
9 operations. Where is Scott? He demonstrates
10 dedication and commitment to the role and colleagues
11 and staff that he supervises. I am reading from the
12 nomination papers. Scott values employees and is
13 always looking for ways to enhance their skills and
14 abilities in an effort to shape and mentor maybe
15 tomorrow's supervisors. He's been with CALPIA seven
16 years. Scott is one of our up-and-comers. I met
17 him when he was a vocational instructor at CIM
18 Lancaster. He was actually a correctional officer
19 before that. More so, interesting tidbit, he's
20 cousin with Mr. Greenstone. He is part of that
21 family over there. So that's kind of how I met him
22 the first time. He's gone up the ranks with us. He
23 started as a joint venture for a couple years, has
24 run Lancaster for us, a couple other operations.
25 Now he runs all statewide operations, distribution,

1 construction, healthcare facility maintenance and
2 E-Waste. Did I miss anything?

3 With that, thank you very much, Scott.

4 MR. PERKINS: I'm honored to get it. We
5 have great employees in the organization. Thanks
6 again. Appreciate it.

7 MR. PATTILLO: That concludes our
8 information item. If I can have Michele Kane to
9 come up and present the public affairs and
10 legislation update.

11 MS. KANE: Good morning. I am Michele Kane,
12 Chief of external affairs. Several CALPIA events
13 generated positive media coverage. You may have
14 seen over the last few months.

15 Our employer forums, they were a big hit. We
16 had the Governor attend and deliver the opening
17 remarks at the Bay Area employer forum, which was
18 huge. We had all the media there. Also Secretary
19 Beard spoke.

20 Thank you, Secretary.

21 Other positive media events include a Code
22 7370 graduation at San Quentin that was attended by
23 Vice Chair Singh.

24 Thank you.

25 And national media organizations covered the

1 event, including that we were highlighted in USA
2 Today. We were on CNN. We were on the Today Show.
3 We were on CBS News, among others. Just go onto our
4 website and you can see all those links.

5 Our FWF graduation was close to 70 female
6 offenders graduated last month. We had Board Member
7 Steeb as well as Board Member Davidson attend.

8 Thank you. And we also had the Inspector
9 General there. Robert Barton was there.

10 Local television stations. Local newspapers
11 covered the event. It was a wonderful event. SEIU
12 President Yvonne Walker delivered the keynote
13 address. Phenomenal.

14 Also, if you tune into NPR today and this
15 morning, DMV as well as CALPIA is featured all today
16 on NPR because of those classic black and gold
17 license plates. So we're on this morning. So I'm
18 getting a lot of hits, media hits for that. That's
19 great.

20 And also I want to invite you to our CALPIA
21 charitable golf benefit. We do this every year.
22 It's going to be on September 11th. We will be
23 holding the benefit. It's going to have a patriotic
24 theme. Even if you don't golf, please attend. It's
25 just a fun time for everybody.

1 And that's about it. If not, I look forward
2 to talking to all of you in December. Any questions
3 for me?

4 Thank you.

5 MR. PATTILLO: That concludes our
6 presentations for the day.

7 CHAIR BEARD: This final portion of the
8 meeting is reserved for public comment. Is there
9 anyone from the public here that wants to make a
10 comment?

11 Seeing none, is there a motion to adjourn the
12 meeting?

13 MEMBER KELLY: So moved.

14 CHAIR BEARD: Second.

15 UNIDENTIFIED MEMBER: Second.

16 CHAIR BEARD. All in favor, aye.

17 Opposed.

18 Motion carries.

19 Thank you very much. We conclude the meeting
20 at 11:53.

21 MR. PATTILLO: Thank you, everybody.

22 (Public Meeting concluded at 11:53 a.m.)

23 ---oOo---

24

25

1 REPORTER'S CERTIFICATE

2
3
4 STATE OF CALIFORNIA)
5 COUNTY OF SACRAMENTO) SS.

6
7
8 I, ESTHER F. SCHWARTZ, certify that I was the
9 official Court Reporter for the proceedings named
10 herein, and that as such reporter, I reported in
11 verbatim shorthand writing those proceedings;

12 That I thereafter caused my shorthand writing
13 to be reduced to printed format, and the pages
14 numbered 3 through 72 herein constitute a complete,
15 true and correct record of the proceedings.

16
17 IN WITNESS WHEREOF, I have subscribed this
18 certificate at Sacramento, California, on this 1st
19 day of September, 2015.

20
21
22
23
24 ESTHER F. SCHWARTZ
CSR NO. 1564
25