

Arnold
Schwarzenegger
Governor

Barbara Halsey
Executive Director

June 24, 2010

Commissioner James D. Boyd
Vice Chair and Presiding Member
Commissioner Anthony Eggert
Commissioner and Associate Member
Transportation Committee
California Energy Commission
1516 Ninth Street, MS-31
Sacramento, CA 95814

DOCKET

09-ALT-1

DATE JUL 24 2010

RECD. JUL 24 2010

RE: Docket Number: 09-ALT-1

Dear Commissioners Boyd and Eggert,

As Executive Director of the California Workforce Investment Board (State Board), I appreciate the Energy Commission's support of the state's workforce investment system. This system, which includes partners from business, government, education, and labor, works to provide a highly trained and skilled workforce for California's emerging green transportation economy. In the 2009-2010 program year, the State Board launched its Regional Industry Clusters of Opportunity (RICO) Grants and utilized AB 118 funding to connect California's workforce development system to California businesses offering green transportation solutions.

Of California's 49 Local Workforce Investment Boards (LWIBs), 4 LWIBs representing 19 counties, received RICO grants. Through these grants the counties involved are receiving valuable data on employment, salary levels, and skill needs of the green transportation industry, and the industry is gaining greater access to the LWIBs. We believe these win/win partnerships could be used to help the Energy Commission provide AB 118 program outreach to businesses. In addition, we believe that these regions will be better equipped to assist businesses with navigating local permitting rules, gaining access to venture capital and securing access to the assistance so essential if start-up companies are to be successful in challenging economic times. As these public/private relationships are cemented and mature, partners will identify and implement strategies aimed at sustaining the green transportation industry and secure it as a driver of California's future low-carbon economy.

We are pleased that our partnership with the Energy Commission was able to fund four regional collaborations, however, the remaining LWIBs in California, including ones in the Sacramento area, and in the Bay Area, did not receive RICO grants for green transportation. Given continued funding, the State Board, in a continued partnership with the Energy Commission, could provide up to 10 green transportation RICO grants a year for the next three years. To enable the remaining LWIBs to receive RICO green transportation grants, I request that the Energy Commission allocate \$500,000 in 2010-2011 AB 118 funding along with a total of \$1.5 million in the two years after to enable the Energy Commission and the State Board to provide another round of RICO Grants.

The RICO methodology was developed through the work of the California Economic Strategy Panel, a state panel chaired by the Secretary of the California Labor and Workforce Development Agency. By building connections within a region's economy (either with other firms in that industry or sector or with potential customers) and by having access to data, green transportation businesses could begin to chart their own path to economic sustainability with minimal government support. The RICO methodology could be applied to any technology or application supported by AB 118. Currently, RICO grantees are using this methodology to support other energy sectors including energy efficiency and energy generation and non-energy industries such as health information technology.

RICO is part of the State Board's "sector strategies" approach to workforce development. Sector strategies are a nice fit with AB 118 because they focus on the needs of industries as opposed to the needs of individual businesses. A sector strategy is a set of state policies designed to promote and support the development of industry-focused sector partnerships across their regions. Sector partnerships are regional collaborations (convened by a strategic partner) of employers, training and education providers, labor organizations, community organizations, and other key stakeholders around a specific industry to address the workforce needs of employers, and the needs of workers for relevant training to advance into good jobs. By coordinating workforce, education, economic development and other systems at the state-level, resources are leveraged toward common goals at the local level. The National Governors Association has stated, "*sector strategies are more responsive to industry demand than traditional job-matching and training services because they are problem oriented, not program oriented; address needs interdependently, not independently; and work with employers in an industry collectively, not as individual firms.*"

Earlier in this letter I mentioned that four LWIBS received AB 118 funds to implement the RICO methodology for their region's green transportation industry. Specifically, the funded entities were:

- NoRTEC (representing the following 11 rural counties in Northern California: Butte, Del Oro, Lassen, Modoc, Nevada, Plumas, Shasta, Sierra, Siskiyou, Tehama, Trinity),
- Pacific Gateway (representing Los Angeles, Orange, and Ventura Counties),
- Santa Barbara (representing San Luis Obispo, Santa Barbara, and Ventura Counties), and
- San Bernardino County (representing Riverside and San Bernardino Counties).

In April 2010, these four LWIBs and their employer partners received a “data diagnostic” package prepared by Collaborative Economics. This package provided information on the regional concentration of an industry compared to that industry’s concentration statewide, the number of employees in that regional industry, average salaries, and the training needs for specific positions within the industry. We were pleased to have Energy Commission staff in attendance as well. At this action clinic, LWIBs and their partners used their diagnostics to identify their region’s top industry clusters, to identify how these clusters are linked to other industries, and to identify what priorities the LWIBs, education, economic development and industry partners should focus on. In addition to providing the “data diagnostics” to the grantees, Collaborative Economics is also providing ongoing assistance in implementing the three additional components of the RICO methodology; partnership development, negotiating leveraged investment strategies and sustainability planning.

While the concept of the RICO methodology may seem complex, we are already seeing positive results. For example, the data diagnostic presented to the Pacific Gateway WIB and its partners in Los Angeles, Orange, and Ventura Counties demonstrated that these counties have higher numbers of people employed in green transportation than the state average and consequently, Pacific Gateway identified green transportation as an industry of focus for future strategic investment. As a first step, Pacific Gateway and its partners discussed bringing in economic development organizations and other employers as active partners in this evolving process.

Through the summer and into the fall, Pacific Gateway and its partners will outline an investment strategy for these new partnerships which will include identifying investments and commitments aimed at enhancing the competitiveness of their regional green transportation industry. Pacific Gateway has informed State Board staff that they will engage a diverse mix of employers, innovators, industry councils, and other stakeholders around transportation for a series of growth-focused meetings beginning in September of 2010. These employers will include municipal organizations advancing alternative transportation such as Long Beach Transit, Orange County Transit, LA Metro (Southern CA Regional Transit Training Consortium), as well as the design and manufacturing automotive sector concentrated in Los Angeles and Orange Counties. Through these meetings, Pacific Gateway will work with these employers to identify shared growth opportunities, critical investment opportunities and industry workforce needs.

Like Pacific Gateway, other LWIBs—San Luis Obispo, Santa Barbara, and Ventura Counties—are engaging employers in the green transportation sector. These LWIBs, which comprise the Workforce Collaborative of the Central Coast will be gathering additional information and engaging employers that currently or could in the future be developing and producing green transportation products, including alternative fuels (Limoneira), power supplies (GreenTech Motors), and parts for alternative vehicles (Ojai Energysystems). The purpose of the Workforce Collaborative’s research is to better understand the opportunities for workforce and economic development related to green transportation in the Central Coast. Using the dollars from their RICO grant, these Central Coast local WIBs are trying to determine the number of jobs in the

region's in green transportation industry and related industries, revenues and profits of green transportation and related firms, quantity of exports, and the quality and sustainability of jobs.

In the fall of 2010, the State Board will convene all of the RICO grantees in Sacramento to help them devise a strategy that will enable their industries of interest to thrive in California's dynamic economy. The key to these strategies will be ongoing collaboration, identification of funding to align with their regional strategy and development of the supports needed to bring the strategy to fruition.

These relationships and the resulting strategies will result in synergies that could be instrumental to the development of California's green transportation industry. RICO gives the Energy Commission and other policymakers access to valuable regional industry growth, wage and employment data that clearly shows the types of jobs yielded by investments in green transportation. This data could prove invaluable as the Commission seeks to make well informed future investment decisions. The RICO methodology connects green transportation firms with a region with that area's local government through partnerships with LWIBs and their network of education and economic development organizations. The business services representatives of these LWIBs could aid these businesses with local permitting rules in addition performing the LWIBs' traditional function of matching potential employees with these firms. Via the employer connections made through RICO, the providers of green transportation goods and services could be introduced to other businesses that may prove to be valuable tier I suppliers. San Bernardino County is home to many transportation and logistics firms. Currently, the San Bernardino County WIB is working to identify businesses that offer goods and services that would enable the region's transportation industry to have a lower carbon footprint. Since the LWIBs receive guidance and policy direction from the State Board, we could help the Energy Commission utilize the LWIBs for program outreach and to inform businesses of available funding and other AB 118 resources.

On behalf of the State Board, I am requesting the opportunity to utilize the \$302,000 remaining from 2009-2010 AB118 allocation along with \$500,000 of the 2010-2011 AB118 funding. In the two program years after 2010-2011, we are requesting an additional \$1.5 million to build upon existing activities. This funding will enable us to continue activities currently underway in the 4 regions that have already received AB 118 RICO grants (covering 19 counties) and allow us to initiate similar activities with other regions (expanding to the 39 remaining counties in California). Other regions with a high concentration of green transportation industries such as Sacramento, Alameda, Contra Costa, Santa Clara and San Mateo Counties, could benefit from data and partnerships developed through RICO. Current RICO grantees could benefit from a deeper analysis and additional support. Remaining AB 118 funding from 2009-2010 along with additional funding from 2010-2011 could be used to apply the RICO methodology to the green transportation industries in those aforementioned counties. In order for these LWIBs to receive any AB 118 funding, they would need to include matching funds and the State Board would use its resources as well.

As you could see, the State Board's approach to workforce development is an approach that emphasizes the needs of industries, recognizing that jobs are created by thriving businesses. It's an approach that links education, employers, and the local workforce system to ensure that job training dollars, some of which have been provided by the Energy Commission, are invested wisely and that employers have support and assistance in local regulatory matters and policy making. These relationships promote the sustainability of California's green transportation industry, which in turn enables that industry to provide goods and services that help meet California's greenhouse gas reduction goals.

I appreciate your time and energy and that of the Energy Commission's staff in developing and maintaining the partnership between our respective agencies. As a member of the 2010-2011 AB 118 Investment Plan Advisory Committee, my staff and I are available to answer any questions that you have about workforce development in the Alternative and Renewable Fuel and Vehicle Technology sector. Our consultants, Collaborative Economics, State Board staff, and I are available to offer you a briefing on the RICO methodology at your convenience. If you have any questions, please contact me at 916-324-3364 or by email at barbara.halsey@cwib.ca.gov.

Sincerely,



Barbara Halsey
Executive Director
California Workforce Investment Board

CC:

Tom Cackette, Air Resources Board
Tim Olson, California Energy Commission
Mike Smith, California Energy Commission
Charles Mizutani, California Energy Commission
Aleecia Macias, California Energy Commission
Darcie Chapman, California Energy Commission