



## RETRAINEE - JOB CREATION

### Training Proposal for:

## 90210 Desert Resorts Management Co., LLC

**Agreement Number: ET16-0212**

**Panel Meeting of:** November 5, 2015

**ETP Regional Office:** San Diego

**Analyst:** M. Ray

### PROJECT PROFILE

Contract Attributes:	Retrainee Job Creation Initiative	Industry Sector(s):	Services  Priority Industry: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Counties Served:	Riverside	Repeat Contractor:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Union(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Number of Employees in:	CA: 900	U.S.: 2,700	Worldwide: 157,000
<u>Turnover Rate:</u>	10%		
<u>Managers/Supervisors:</u> (% of total trainees)	20%		

### FUNDING DETAIL

<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">Program Costs</td></tr> <tr><td style="text-align: center;">\$485,215</td></tr> </table>	Program Costs	\$485,215	-	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">(Substantial Contribution)</td> <td style="text-align: center;">(High Earner Reduction)</td> </tr> <tr> <td style="text-align: center;">\$59,640 15%</td> <td style="text-align: center;">\$0</td> </tr> </table>	(Substantial Contribution)	(High Earner Reduction)	\$59,640 15%	\$0	=	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;"><b>Total ETP Funding</b></td></tr> <tr><td style="text-align: center;">\$425,575</td></tr> </table>	<b>Total ETP Funding</b>	\$425,575
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In-Kind Contribution:	100% of Total ETP Funding Required	\$615,000
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**TRAINING PLAN TABLE**

Job No.	Job Description	Type of Training	Estimated No. of Trainees	Range of Hours		Average Cost per Trainee	Post-Retention Wage
				Class / Lab	CBT		
1	Retrainee	Business Skills, Commercial Skills, Computer Skills, Continuous Impr	497	8-200	0	*\$675	\$15.07
				Weighted Avg: 53			
2	Retrainee Job Creation Initiative	Business Skills, Commercial Skills, Computer Skills, Continuous Impr	85	8-200	0	\$1,060	\$12.33
				Weighted Avg: 53			

\*Reflects Substantial Contribution

**Minimum Wage by County:** Job Number 1: \$15.07 per hour for Riverside County; and Job Number 2: \$12.33 per hour for Riverside County.

**Health Benefits:**  Yes  No This is employer share of cost for healthcare premiums – medical, dental, vision.

**Used to meet the Post-Retention Wage?:**  Yes  No  Maybe

Health Benefits of up to \$4.55 per hour in Job Number 1 and \$2.33 per hour in Job Number 2 may be used to meet the Post-Retention Wage.

**Service Charges:** Mandatory Service Charges (banquet tips) of up to \$5.07 per hour (Job Number 1 - approximately 10%) and up to \$2.33 per hour (Job Number 2 - approximately 20%) may also be used for Food/Beverage Staff to meet the Post-Retention Wage.

Wage Range by Occupation		
Occupation Titles	Wage Range*	Estimated # of Trainees
<b>Job Number 1:</b>		
Accounting		5
Administrative Support		25
Culinary		38
Customer Service		43
Engineer		20
Food and Beverage		110
Housekeeping		5
Maintenance		28
Sales		15
Support		95
Supervisor/Manager		113

<b>Job Number 2:</b>		
Administrative Support		2
Culinary		2
Customer Service		4
Engineer		4
Food and Beverage		20
Housekeeping		35
Maintenance		4
Sales		2
Support		8
Supervisor/Manager		4

\*It will be made a condition of contract that the trainees will never be paid less than the statewide minimum wage rate as in effect at the end of retention regardless of the wage expressed in this table.

## **INTRODUCTION**

This training proposal is for 90210 Desert Resorts Management Co. LLC (Desert Resorts Mgmt. or the Company) for training its employees working at La Quinta Resort & Club and PGA West (La Quinta or the Resort). The La Quinta properties are owned by two close affiliates: LQR Property LLC and LQR Golf LLC. All three affiliates are owned by the ultimate parent Hilton Worldwide, Inc.

[Note: This will be the fourth training project at La Quinta funded by ETP. The prior ETP Agreements were held by LQR Property LLC. The name change to Desert Resorts Mgmt. occurred as the result of corporate restructuring and was not a change in ownership. As such, the Company has accepted a Substantial Contribution as shown on page one of this proposal.]

Training will be on-site at the Resort, which is located at the foot of the Santa Rosa Mountains in Riverside County. This is a full-service resort and convention destination, approved by PGA for professional golf tournaments. The combined properties include an 800-room hotel and conference center; nine golf courses; 23 tennis courts; 41 swimming pools; seven restaurants; a 23,000 square-foot spa, and 189 stand-alone accommodations (spa villas).

The La Quinta customer base includes corporate conventions/conferences, professional golf tournaments and leisure travelers. La Quinta competes for this business with other luxury resorts worldwide; as such, it meets the Panel's requirements for out-of-state competition.

## **PROJECT DETAILS**

Training under the prior project (ET13-0317) focused on improving Satisfaction and Loyalty Tracking (SALT) scores and rebuilding occupancy rates. As a result, the Company implemented a new corporate directive to increase sales and improve guest service and launched company-wide customer service initiatives to change the training culture.

During the term of the prior Agreement, the Company was able to complete a \$25M renovation of the property, including guest rooms, banquet facilities, and grounds. However, since then, the Resort properties suffered severe flood damage: in August 2013 from a "200-year flood," and in September 2014 from a "700-year flood." The flooding destroyed 270 newly guest rooms.

Desert Resort Mgmt. is nearly finished with repairs and renovations at a cost of some \$20M. This includes the guest rooms, restaurants, shops, and golf courses. La Quinta is also a participant in the "Visit California" program to develop and maintain business outreach to keep California top-of-mind as a premier travel destination. This program puts the Resort in a position to attract travelers and conventions from China, the Midwest, East Coast, Florida, and Arizona.

In order to support increased customer demands and continue to compete as a luxury resort, Desert Resorts Mgmt. is committed to changing its business strategy from price-driven to experience-based. This will place even greater emphasis on improving the quality of its facilities and service. To do this, the Company must provide its workforce with in-depth training that focuses on overall guest experience.

### **Retrainee - Job Creation**

In support of Job Creation, the Panel is offering incentives to companies that commit to hiring new employees. Under the Retrainee-Job Creation program, training for newly-hired employees will be reimbursed at a higher rate and trainees will be subject to a lower post-retention wage.

With the above-mentioned expansion of new facilities and upgrade of existing facilities, Desert Resorts Mgmt. has committed to hiring 85 employees (Job Number 2). The Company represents that the date-of-hire for all trainees in the Job Creation program will be within the three-month period before contract approval or within the term-of-contract. These trainees will be hired into "net new jobs" as a condition of contract. As a feature of this program, the Substantial Contribution requirement will be waived for Job Number 2.

### **Training Plan**

In this proposal, training will expand on courses delivered in the previous project as well as courses that were planned during the term of the previous contract but were unable to be delivered due to the floods. However, trainees will not receive duplicate courses. In addition, the proposed project will include a large percentage of newly-hired Job Creation trainees (Job Number 2) who have not participated in ETP-funded training.

**Business Skills** (50%) – Training will be offered to all occupations. With the shift in the Company's business strategy, Desert Resorts Mgmt. is committed to delivering an extensive business skills training program that will provide its workers the skills to take the Company to a higher level of service. Course topics in Communication, Customer-Focused, Guest Service, Interpersonal, Luxury Service, Proactive Customer Support, and Meeting Guests Needs and Expectations will allow trainees to build more effective relationships between employees and customers and workers and managers. These courses will improve overall customer satisfaction.

**Commercial Skills** (10%) – Training will be offered to Engineers, Supervisors, Managers, and Support and Maintenance Staff. Training in facilities maintenance procedures, golf course irrigation skills, golf course repair procedures, and maintenance equipment operations will provide trainees the skills to maintain and improve the quality of facilities in order to meet luxury specifications to improve customer satisfaction and SALT scores.

**Computer Skills** (10%) – Training will be offered to Accounting, Administrative Support, Customer Service, Sales, Support, Supervisors and Managers. Trainees will receive various internal software application systems. Delphi Event and Catering Tracking and Micros Point of

Sale skills training will allow trainees to competently navigate the Company's systems. Select trainees will also acquire skills in advanced Wi-Fi networking capabilities to support Wi-Fi networks throughout the resort to allow guests to use smartphones, tablets, and other technology.

**Continuous Improvement (30%)** – Training will be offered to all job occupations as it relates to their job function. In a continued effort to provide high quality service to its customers, Desert Resorts Mgmt plans to provide its workers with skills that will increase their performance in the areas of critical thinking, motivation, time management, and standard operating procedures. These skills will enable trainees to create a more productive work environment to support the Company's business goals.

### **Substantial Contribution**

The La Quinta resort properties have benefited from ETP funding in excess of \$250,000 within the past five years (See Prior Project Table). Accordingly, reimbursement for trainees at the facility in Job Number 1 will be reduced by 15% to reflect the Company's \$59,640 Substantial Contribution to the cost of training.

### **Temporary to Permanent Hiring**

The trainees in Job Number 2 come under Panel guidelines for "temporary-to-permanent" employment. Desert Resorts Mgmt. plans to retain some of these employees through a temporary agency, with the intention of hiring them into full-time, permanent positions after training. According to the Company, the number of temporary workers will be small in proportion to the overall trainee population.

The temporary-worker trainees may participate in ETP-funded training while on payroll with the temporary agency, so long as they meet eligibility standards for incumbent training. However, the retention and post-retention wage requirements cannot be satisfied until after they have been hired by Desert Resorts Mgmt. Until then, the Company will not receive progress payments.

### **Commitment to Training**

Desert Resorts Mgmt. represents that ETP funds will not displace the existing financial commitment to training. Safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

The Company's annual training budget is approximately \$210,000. The Company provides ongoing mandatory new-hire orientation, OSHA safety regulations, sexual harassment prevention, first-aid, and other training on an as-needed basis. ETP funds will allow Desert Resorts Mgmt. to expand the Company's new training culture throughout and implement a training program that will involve all employees. Funding will also help the Resort meet the Waldorf Astoria standards of excellence.

#### ➤ Training Infrastructure

Desert Resorts Mgmt. has a dedicated individual to manage the ETP project. An administrative coordinator will be responsible for scheduling, delivering, documenting, and managing training for the Resort. This person will also meet with ETP staff and work with Desert Resorts Mgmt.'s third-party administrator.

**Impact/Outcome**

A comprehensive training plan has been developed by the Company to equip workers with the skills needed to achieve long-term business goals for the Resort properties. During the proposed agreement term, the Company will strive to create a solid foundation to ongoing educational programs including Putting the Guest First, Service Standards, Computerized Inventory, Kaizen Events, and Measuring for Success to improve overall SALT and Employee Engagement scores.

**PRIOR PROJECTS**

The following table summarizes performance by Desert Resorts Mgmt. under an ETP Agreement completed within the last five years. (The other prior Agreements terminated more than five years ago.

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned \$ %
*ET13-0317	La Quinta	04/02/2013– 04/01/2015	\$563,000	\$418,561 (74%)

\***ET13-0317**: The last day of ETP training was 12/29/14 and the final invoice closeout is currently being processed by ETP. As of 7/15/15, the Company has documented 33,171 eligible training hours for 802 trainees who completed retention to equal approximately \$418,561 (74%) payment earned (in process).

**DEVELOPMENT SERVICES**

Desert Resorts Mgmt. retained National Training Company, Inc. (NTC) in Irvine to assist with development of this proposal for a flat fee of \$15,000.

**ADMINISTRATIVE SERVICES**

Desert Resorts Mgmt. also retained NTC to perform administrative services in connection with this proposal for a fee not to exceed 13% of payment earned.

**TRAINING VENDORS**

To Be Determined

**Exhibit B: Menu Curriculum****Class/Lab Hours**

8 - 200

Trainees may receive any of the following:

**BUSINESS SKILLS**

- Accounting Skills
- Communication Skills
- Client Data Procedures
- Customer-Focused Selling
- Customer Service Skills
- Dealing With Difficult People
- Getting Results Through Accountability
- Guest Service Skills
- Interpersonal Skills
- Luxury Service Skills
- Meeting Customer Expectations
- Meeting Guests Needs
- Negotiating Skills
- Proactive Customer Support
- Putting the Guest First
- Resolving Guest Complaints
- Sales Skills
- Up Selling Techniques

**COMMERCIAL SKILLS**

- Facilities Maintenance Procedures
- Golf Course Irrigation Skills
- Golf Course Repair Procedures
- Maintenance Equipment Operation

**COMPUTER SKILLS**

- Customer Information Systems
- Delphi Event and Catering Tracking
- Internal Customer Applications
- Internal Networks
- Internet Marketing
- Micros Point of Sale
- MS Office (Intermediate and Advanced)
- Outlook (Intermediate and Advanced)
- Reservation Systems
- Sales Reports & Schedule Software
- SharePoint Application Skills
- Tournament Software
- Wi-Fi Troubleshooting

**CONTINUOUS IMPROVEMENT**

- Best Work Practices
- Critical Thinking Skills
- Motivation Skills
- Peer Coaching
- Resolving Service Problems
- Standard Operating Procedures
- Time Management Skills
- Tournament Procedures

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery.