

DELEGATION ORDER



**Retrainee - Job Creation
Training Proposal for:
AAA Plating & Inspection, Inc.**

Agreement Number: ET16-0189

Approval Date: October 6, 2015

ETP Regional Office: North Hollywood

Analyst: M. Paccereilli

PROJECT PROFILE

Contract Attributes:	Retrainee Priority Rate HUA Job Creation Initiative	Industry Sector(s):	Manufacturing Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Los Angeles	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: 117	U.S.: 117	Worldwide: 117
<u>Turnover Rate:</u>	9%		
<u>Managers/Supervisors:</u> (% of total trainees)	20%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	Total ETP Funding
\$95,400		\$0	\$0		\$95,400

In-Kind Contribution:	100% of Total ETP Funding Required	\$99,940
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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 Priority Rate HUA	Computer Skills, Mfg. Skills, Continuous Imp., HazMat, PL-Mfg Skills	98	8-200	0	\$900	\$11.98*
				Weighted Avg: 50			
2	Retrainee Priority Rate HUA Job Creation Initiative	Computer Skills, Mfg. Skills, Continuous Imp., HazMat, PL-Mfg Skills	6	8-200	0	\$1,200	\$9.98*
				Weighted Avg: 60			

*It will be made a condition of contract that the trainees in this Job Number 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.

Minimum Wage by County: \$11.98 per hour in Job Number 1 and \$9.98 per hour in Job Number 2 for Los Angeles 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

Up to \$2.23 per hour may be used to meet the Post-Retention Wage in Job Number 1

Up to \$0.98 per hour may be used to meet the Post-Retention Wage in Job Number 2

Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
Job Number 1 & 2		
Production Staff		73
Office Staff		4
Inspector		9
Supervisor		18

INTRODUCTION

Founded in 1958, AAA Plating & Inspection, Inc. (AAA Plating) (www.aaaplating.com) provides surface plating of aircraft parts for protection against corrosion. The Company also offers non-destructive testing, Ion Vapor Deposition of Aluminum, and Vacuum Cadmium.

This will be the fifth Agreement between ETP and AAA Plating, the second within the last five years. The last contract ended in 2013 and was funded as a small business for less than \$50K. Since then, AAA Plating has grown to over 100 employees.

Need for Training

AAA Plating has invested \$156K in a new Ion Vapor Deposition (IVD) Chamber for its IVD Department, which is one of only four such processors in the United States. The Company also purchased new computers throughout, in an effort to speed up its processes and eliminate errors. Training related to the implementation and operations is critical to employee success and overall efficiency.

The Company also expanded its Paint Department and created a Research & Development Waste Water Treatment Department to meet customer demands. This expansion has necessitated training of its employees throughout the organization.

With the Company's expansion, AAA Plating is requesting ETP assistance to train its workers, which includes staff hired since the last ETP Agreement. These newly acquired skills will increase productivity, reduce waste, and improve manufacturing processes.

Retrainee - 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. 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.

AAA Plating expects continued growth over the next two years. As a result, the Company is expanding business capacity by adding new workers to existing functions. Additionally, as stated above, the Company has invested in new equipment. Therefore, the Company has committed to hiring at least six additional employees in Production Staff, Office Staff, Inspector and Supervisor (Job Number 2).

PROJECT DETAILS

Training Plan

Manufacturing Skills (70%) – Training will be offered to Production Staff, Inspector and Supervisors. Training in good manufacturing practices, equipment operations, paint application techniques and water waste treatment will improve cost and product quality.

Computer Skills (15%) – Training will be offered to all occupations as it relates to their job function. Training in the Company's new Business Operations Software will be provided to all trainees to easily track and manage employee training initiatives and effectiveness.

Continuous Improvement Skills (10%) – Training will be offered to all occupations with course topics such as ISO Implementation, Total Quality Management (TQM), Process Improvement and Non-Conforming Product. Training will provide the skills necessary to improve productivity and quality.

Hazardous Materials (5%) – Training will be provided to Production Staff in charge of handling and disposing of hazardous materials.

Productive Laboratory

Productive Lab (PL) Manufacturing Skills will be offered to 25 Production Staff in the Company's manufacturing process solutions such as Anodize, Cadmium Plate, Passivate, and Paint services as well as in the new IVD Chamber. Trainees will receive a combination of Class/Lab training along with up to 30 PL hours. Upon completion of PL training, trainees will continue to receive "on-the-job" training at the employer's expense.

Each PL event is structured with specific skills that trainees must learn and, ultimately, they are evaluated on knowledge, skill, productivity, proficiency, and safety. Trainees will be provided with operating procedures and instruction on the manufacturing process and equipment. Then, the trainees will learn by observation, shadowing the trainer, and completing supervised assignments. PL will be delivered with a trainer-to-trainee ratio of 1:1. Trainers must certify competency for each skill before trainees are allowed to work independently. Trainers will be in-house subject matter experts who are exclusively dedicated to instruction for the entire reported training time.

Commitment to Training

AAA Plating spends \$130,000 annually on training. The Company provides new employee orientation, continuous improvement, safety, and other types of training. AAA Plating 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.

High Unemployment Area

The 98 trainees in Job Number 1 work in Compton, a High Unemployment Area (HUA) with unemployment exceeding the state average by at least 25%.

➤ Wage Modification

For these trainees, the Panel may modify the ETP Minimum Wage by up to 25% if post-retention wages exceed the start-of-training wages. AAA Plating is requesting this modification for both Job Numbers. (for Job Number 1, from \$15.97 to \$11.98 and for Job Number 2, from \$13.31 to \$9.98). For trainees in Job Number 1 that will need the modification, trainees' post-retention wages must reflect an increase from wages earned before training.

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

The following table summarizes performance by the AAA Plating under an ETP Agreement that was completed within the last five years:

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned \$ %
ET12-0152	Compton	09/26/2011– 09/25/2013	\$49,400	\$48,323 (98%)

DEVELOPMENT SERVICES

N/A

ADMINISTRATIVE SERVICES

N/A

TRAINING VENDORS

To Be Determined

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

8-200

Trainees may receive any of the following:

MANUFACTURING SKILLS

- Cross-Training
- Set Up and Job Preparation
- Manufacturing Process
- Equipment Operation
- Non-Destructive Testing
- Paint Application Techniques
- Waste Water Treatment

CONTINUOUS IMPROVEMENT

- Customer Focus
- Teambuilding
- Problem Solving
- Decision-Making
- Total Quality Management
- ISO Implementation
- Process Improvement
- Non-Conforming Product
- Research & Development

COMPUTER SKILLS

- Business Operations Software
- MS Word, Excel, Outlook, PowerPoint (Advanced & Intermediate)

HAZARDOUS MATERIALS

- Hazardous Materials Handling
- Hazardous Waste
- Hazardous Monitoring/Clean-up

Productive Lab

0-30

MANUFACTURING SKILLS (trainer-to-trainee ratio of 1:1)

- Set Up and Job Preparation
- Manufacturing Process
- Equipment Operation
- Non-Destructive Testing
- Paint Application Techniques
- Waste Water Treatment

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery. PL is capped at 30 hours per-trainee.