



Retrainee – Job Creation
Training Proposal for:
Aleia Corp. dba Surplus Services

Small Business \leq \$50,000

ET15-0192

Panel Meeting of: June 27, 2014

ETP Regional Office: San Francisco Bay Area

Analyst: A. Nastari

CONTRACTOR

- Type of Industry: Green Technology
Wholesale Trade
Priority Industry: Yes No
- Number of Full-Time Employees
California: 12
Worldwide: 12
Number to be trained: 14
Owner Yes No (3)
- Out-of-State Competition: Competitors Outside CA
- Special Employment Training (SET): Yes No
- High Unemployment Area (HUA): Yes No
- Turnover Rate: 18%
- Repeat Contractor: Yes No

FUNDING

- Requested Amount: \$18,200
- In-Kind Contribution: \$9,000

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 SB <100	Business Skills, Continuous Improvement, Computer Skills	12	8-100	0	\$1,300	\$16.25
				Weighted Avg: 50			
2	Retrainee Job Creation Initiative Priority Rate SB <100	Business Skills, Continuous Improvement, Computer Skills	2	8-100	0	\$1,300	\$13.55
				Weighted Avg: 50			

- Reimbursement Rate: Job #'s 1 & 2: \$26 SB Priority
- County(ies): Alameda
- Occupations to be Trained: Administrative Staff, IT Support Staff, Owners, Sales Representative, Supervisors
- Union Representation: Yes
 No
- Health Benefits: N/A
- Commission: At least \$3.25 per hour in commission for Supervisors, Administrative, and Sales Staff wages.

SUBCONTRACTORS

- Development Services: N/A
- Administrative Services: N/A
- Training Vendors: To Be Determined

OVERVIEW

Established in 2011, Aleia Corp. dba Surplus Services (Surplus Services) is a green certified small business based in Fremont. The Company services are referred to as Upcycling which provides green sustainability solutions. This includes refurbishment services, liquidation or surplus goods, data removal, recycling and e-waste management or removal. Surplus Services provides reverse logistics (purge or end-of-life management) for the collection of surplus inventory, returned goods, e-waste, and depreciated assets including computers, servers, medical devices, laboratory instruments, test equipment, and phone and networking systems.

Surplus Services has an expanding business which includes reselling returned or damaged merchandise from a variety of markets including: retail, electronics, industrial, healthcare, government, manufacturing, and technology sectors.

The Company has expanded to collecting e-waste and surplus electronics devices from Original Equipment Manufacturers in the Silicon Valley and the San Francisco Bay Area. In addition, Surplus Services is experiencing a business growth driven by government and industry standards aimed at zero waste and waste reduction.

To address these standards, the Company recently added a business model of repairing and reusing products creating secondary market life-times to products prior to final recycling. This environmentally eco-friendly Zero Waste service reduces waste and makes landfills the last resort. It's further expanded services to the collection of medical surplus equipment from hospitals.

Furthermore, Surplus Services is experiencing a business increase from government and defense departments replacing and/or updating equipment. However, for this business market, data and equipment must be properly scrubbed or destroyed under high-level government standards set by the Department of Defense and National Security Administration.

To address business demands, the Company needs to develop and implement a new customized Proprietary E-Commerce website designed to meet its needs and industry markets. The site will increase efficiencies through streamlined management of customers' orders, product tracking system, pick-up and scheduling, sales transactions, merchant services transactions, and refunds/exchanges. By creating its own site, Surplus Services will eliminate expenses currently paid to third party websites.

The ETP training requested will assist the Company's business expansion efforts through the delivery of Business, Computer, and Continuous Improvement Skills delivered to the following occupations: Administrative Staff, Owners, Sales Staff, and Supervisor. The proposed curriculum reinforces the implementation of a new business structure and new services essential to remain competitive and improve worker skills.

Retrainee - Job Creation

Surplus Services plans to hire two IT Support Staff during the term of the Agreement. The newly created positions will be detrimental to the ongoing support of the Company's e-commerce site.

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. To be eligible for reimbursement under this Job Number, the trainees must be hired within the three-month period prior to Panel approval or during the term of contract.

Commission

Surplus Services requests to use commission to meet the Post-Retention wage of \$16.25 per hour to be consistent with ETP standards. Surplus Services has a formal Commission Plan calculated monthly, but paid quarterly based on a percentage of merchandise sold. Trainees' base hourly wages range from \$13.00 to over \$20.00, but with commission their wages will meet or exceed the ETP Minimum Wage Requirement of \$16.25 per hour for Alameda County. Commission is paid to Administrative Staff, Sales Staff, and Supervisors.

All trainees must meet the state minimum wage rate at the end of retention.

Training Plan

Training in the development and implementation of the e-Commerce site and in Business Skills will be delivered by one of the owners who is an in-house subject matter expert. Other training vendors to be identified as obtained.

Computer Skills – Training will be delivered to Sales Staff, two Owners and Supervisors in the development and operations of its Proprietary e-Commerce website. Once the website is launched additional training will be delivered to the Administrative Staff and newly hired IT Support Staff on its functionalities and productivity efficiencies.

Additional training for the newly hired IT Support Staff on Local Area Networks, Wide, Metropolitan, and Network Management will create an IT Team that will continue to support its internet systems.

Business Skills – Training will be offered to all occupations to enable the organization to prospect, sell and service new lines of business while managing the performance of expanded growth initiatives. Training will be related to job specific functions.

Continuous Improvement - All occupations will receive training applicable to their department and job function in an effort to develop efficiency through High Performance Workplace training. Staff will be able to make decisions and take immediate action, resulting in a greater attention to detail and a reduction in customer response time.

Training Hours Limitation

Surplus Services is requesting a waiver to the 60 hour cap for small business to 100 hours for both Job Numbers. The occupations that will receive the higher hours are: two Owners, three Sales Staff, and two new IT Support Staff. These will be the first employees at the Company to be taught development and implementation of the new e-Commerce site. Training in eCommerce and related skills will be delivered by one of the owners based on his own training experience, which exceeded 100 hours in e-Commerce alone.

Temporary to Permanent Hiring

Some trainees in Job Number 1 may come under Panel guidelines for “temporary to permanent” employment. Surplus Services will retain these employees through a temporary agency, with the intention of hiring them into full-time, permanent positions after training.

These trainees must be determined eligible to participate in ETP-funded training before the start of training, while on payroll with the temporary agency. (Unemployment Insurance Code Section 10201(c).) However, the retention and post-retention wage requirements cannot be satisfied until after they have been hired by Surplus Services. Until then, Surplus Services will not receive progress payments.

RECOMMENDATION

Staff recommends approval of this proposal, including the training hour cap waiver.

Exhibit B: Menu Curriculum

Class/Lab Hours

8-100

Trainees may receive any of the following:

COMPUTER SKILLS

- + Proprietary E-Commerce Site - Shopping Cart
 - o 3D Cards Listing Training
 - o 3D Cards End-User Training
 - o 3D Cards Customer Support Training
- + Local Area Networks
- + Wide
- + Metropolitan
- + Network Management

BUSINESS SKILLS

- + Business Development and Operations Coordination
- + Team Culture
- + Improving Business of Operations

CONTINUOUS IMPROVEMENT

- + Communication
- + Problem Solving
- + Project/Scope Management
- + Customer Relationship Management

Note: Reimbursement for retraining is capped at 100 total hours per-trainee, regardless of method of delivery.