



RETRAINEE - JOB CREATION
Training Proposal for:
Altman Specialty Plants, Inc.
Agreement Number: ET17-0175

Panel Meeting of: August 26, 2016

ETP Regional Office: San Diego

Analyst: J. Davey

PROJECT PROFILE

Contract Attributes:	Priority Rate Retrainee Job Creation Initiative HUA	Industry Sector(s):	Agriculture Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Monterey, Riverside, San Diego	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: 1,965	U.S.: 2,616	Worldwide: 2,616
<u>Turnover Rate:</u>	17%		
<u>Managers/Supervisors:</u> (% of total trainees)	7%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	Total ETP Funding
\$467,170		\$37,908 15% Job Number 1 only	\$0		\$429,262

In-Kind Contribution:	100% of Total ETP Funding Required	\$532,760
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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	Business Skills, Commercial Skills, Computer Skills, Continuous Improvement, Hazardous Materials, PL-Commercial Skills	351	8-200	0	**\$612	\$16.46
				Weighted Avg: 40			
2	Retrainee Priority Rate HUA	Business Skills, Commercial Skills, Computer Skills, Continuous Improvement, Hazardous Materials, PL-Commercial Skills	341	8-200	0	\$450	*\$11.70
				Weighted Avg: 25			
3	Retrainee Priority Rate Job Creation	Business Skills, Commercial Skills, Computer Skills, Continuous Improvement, Hazardous Materials, PL-Commercial Skills	64	8-200	0	\$500	*\$13.72
				Weighted Avg: 25			
4	Retrainee Priority Rate HUA Job Creation	Business Skills, Commercial Skills, Computer Skills, Continuous Improvement, Hazardous Materials, PL-Commercial Skills	58	8-200	0	\$500	*\$10.00
				Weighted Avg: 25			

*It will be made a condition of contract that the trainees in this Job Number will never be paid less than the State or local minimum wage rate as in effect at the end of retention regardless of the wage expressed in this table. The highest minimum wage rate will prevail.

**Reflects Substantial Contribution.

Minimum Wage by County:	San Diego - Job 1: \$16.46; San Diego – Job Number 3: \$13.72 Riverside/Monterey (HUA) – Job Number 2: \$11.70; Riverside/Monterey (HUA, Job Creation) – Job 4: \$10.00
Health Benefits:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No This is employer share of cost for healthcare premiums – medical, dental, vision.
Used to meet the Post-Retention Wage?:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Maybe
	Up to \$2.34 per hour may be used to meet the Post-Retention Wage for Job Numbers 1 & 3, and \$1.70 for Job Number 2.

Wage Range by Occupation				
Occupation Titles	Wage Range		Estimated # of Trainees	
	Job 1	Job 3 – Job Creation	Job 1	Job 3
Administrative Staff			16	1
Distribution Staff			70	13
Managers			16	2
Production Staff			230	45
Supervisors			19	3
Occupation Titles - HUA	Wage Range		Estimated # of Trainees	
	Job 2	Job 4 – Job Creation	Job 2	Job 4
Administrative Staff			8	1
Distribution Staff			48	10
Managers			8	1
Production Staff			267	45
Supervisors			10	1

INTRODUCTION

Founded in 1975 and headquartered in San Diego, Altman Specialty Plants, Inc. (Altman) is a wholesale nursery. The Company provides a broad assortment of plants, flowers, shrubs, and other botanical products to retail nurseries, home and garden centers, and other stores throughout the southwest and western U.S. Altman operates growing centers in Vista, Salinas, and Perris which will participate in training. The Company's customers include The Home Depot, Lowe's Home Improvement, Orchard Supply & Hardware, and Walmart.

Altman is eligible as a single employer for standard retraining and priority-industry funding under the out-of-state competition provisions as a NAICS identified industry (crop production). All trainees are employed full-time (at least 35 hours per week) and are not seasonal workers.

Altman continues to face stricter customer demands, such as including customer specific plant labeling, bar-coding, and plant containers, in a highly competitive wholesale nursery marketplace. The Company continuously introduces modern technological advances in machinery and operations to meet competitive pressures on price and production costs. To prevent passing along price increases to its customers, Altman must create greater efficiencies and streamline its operations.

This is the third ETP proposal for Altman Specialty Plants, Inc. In its first ETP project, Altman provided its first formalized training in Business, Commercial, Computer, and Continuous Improvement skills to meet the demands of its customers, such as Lowe's and Walmart. Over 260 trainees at the Company's 3 facilities (Vista, Salinas, and Perris) received an average of 62 hours of training.

In its second ETP project, Altman provided cross training in commercial plant propagation, planting, irrigating and other related skills. It also introduced Leadership Development to its frontline supervisory and management staff to improve accountability and efficiency. Water conservation and the first steps in sustainability were also introduced to workers at all locations.

In this third project, Altman will continue to provide necessary Leadership and Coaching & Counseling training to its frontline Supervisors and Managers. Because the Company grows over 5,000 different types of plants, it takes more than one training cycle to train its Production and Distribution Staff. In addition, the challenges of growing so many plant varieties and their respective environmental variables (climate, soil, and water), along with a changing regulatory environment, means that trainees need additional training to become proficient in plant propagation and growing techniques, as well as proper shipping and delivery requirements. Each year the Company tests 200-500 new plant varieties to determine what plants will be marketable and go into full production in the following year.

The training will differ from the previous project in the subject matter and will focus on motivating trainees to be more proactive in goal setting and planning. The Company will also provide more advanced skills in the Company's ERP application, Evolution. Most of this training will be delivered to its Administrative Staff (IT) who develop and maintain the system. Any repeat of curriculum provided in previous projects will be for trainees who, either did not receive it before, or will receive training in more advanced skills that build on previous training.

In an effort to be more efficient in its use and conservation of water, Altman plans to train its employees on best practices in irrigation management. Altman will also train on the use of its water recycling system which began during the last ETP Agreement. This system saves over 100 million gallons of water per year. This complex project continues to require training to maximize its usefulness. Training not only involves irrigation management as it relates to plant requirements, but also as it relates to new more efficient water irrigation systems currently in use.

Altman has also initiated a lean strategy process to improve its supply chain efficiency. The full implementation of this program will require a significant amount of training at each nursery site. Approximately 400-500 employees will receive up to 50 hours of training on the Lean Manufacturing.

PROJECT DETAILS

Training Plan

Altman will provide a customized range of class/lab and productive lab training skills that will give its employees the necessary tools and knowledge to improve productivity, quality, and efficiency. Trainees will receive most of their training in-house, however, a small portion of training will be provided by subcontracted training vendors.

Business Skills (25%): All trainees will receive training in Leadership, Project Management, Time Management, and other related business skills. These skills are needed for newly-hired staff to bring them up-to-speed in the skills and knowledge to do their jobs and also provide them with the knowledge to better understand their roles in the organization, to understand customer needs, and adapt to new functions as needed.

Commercial Skills (25%): Most of the trainees to receive this training will be Distribution and Production Staff; however, employees from other departments may receive some training in these skills. These skills are needed for newly-hired staff to become current in the skills and

knowledge to do their jobs safely and efficiently. Trainees will receive training in Equipment Operation, Driving & Delivery Techniques, Growing Techniques, Merchandising, Order Fulfillment and other skills related to the efficient production and delivery of the Company's products.

Computer Skills (25%): All trainees will receive customized training in the Company's Evolution ERP system. This training is necessary because Altman's IT Department is continually working to enhance this system. Additionally, selected trainees will receive training in Microsoft Office at the Intermediate or Advanced levels depending on individual need.

Continuous Improvement (25%): All trainees will receive training in Process and Quality Improvement and Lean Manufacturing. These skills will allow staff to improve growing and production techniques, meet customer requirements more effectively, and identify areas where continuous improvements can be made. Newly-hired staff will benefit from this training to stay current with skills and knowledge to do their jobs effectively and efficiently.

Hazardous Materials (HAZMAT) (5%): This training will be offered to Production Staff, Distribution Staff, Managers, Supervisors, and selected Administrative Staff on the proper handling and disposal of hazardous materials, including how to safely use, transport, and store pesticides and herbicides, and Material Safety Data Sheets. This training can also be a series of courses, specific to industry sectors involved in the transport of hazardous materials. However, Hazardous Materials training in this proposal focuses on the safe use and disposal of toxic herbicides and pesticides and does not lead to a certification.

Productive Laboratory (PL) (5%): Trainees may produce goods for profit as part of PL training in the courses identified under the Curriculum. The instructor must be dedicated to training delivery during all hours of training.

Due to the nature of plant production, hands-on training is needed for new equipment, procedures, growing and harvesting techniques. Trainees work outdoors and must learn how to operate production equipment in that environment, where there is adequate space to operate equipment. Some of the equipment is used for plant propagation and production, involving soil preparation, planting, and harvesting, which can only occur at the work site.

Production Staff, Distribution Staff, Managers and Supervisors, will participate in PL. Trainer-to-trainee ratios will not exceed 1:3. (Most of the PL training will be conducted 1:1; however, there are some instances where it is more effective to conduct PL training in 1:3 ratios when trainees work in small teams). PL will focus on operating planting and related equipment: Soil Mixing machine, Transplanter Machine, Seeding Machines, Flat Filler Machines, Tricycle tractors, Robotic Equipment. Trainees may receive up to a maximum of 40 total hours of PL, within a range of 0-20 hours per course title in the curriculum, depending on individual need and job requirements.

Altman has provided a list of tasks trainees will perform and competencies they will achieve. Trainers will demonstrate the operation of the equipment and then observe trainees, correcting errors, and ensuring safe and proper techniques are used. Trainers will certify trainees once they are deemed competent. At the conclusion of PL, trainees will be competent in the safe operation, maintenance, and use of equipment or machinery to meet minimum productivity standards.

Retrainee - Job Creation

The Panel offers incentives to companies that commit to hiring new employees. Training for newly-hired employees will be reimbursed at a higher rate, and trainees will be subject to a lower post-retention wage.

Altman has committed to hiring 122 new employees (Job Numbers 3 and 4). Trainees must be hired within the three-month period prior to Panel approval or during the term of contract. Substantial Contribution requirement does not apply to Job Creation.

Altman intends to open new growing facilities in California and upgrade and expand current nursery facilities. This will necessitate the hiring and training of additional new employees, thus “net new” jobs will be created. The Company also plans to expand business capacity by acquiring or adding additional growing facilities.

Altman’s business has grown to such an extent that it was able to add 692 new jobs during its most recent ETP contract. The Company anticipates a similar growth pattern has conservatively estimated the number of new employees needed to accommodate its continued expansion. The Company is preparing two newly acquired facilities in San Diego County that will provide approximately 155 acres of growing space for products. This will increase its San Diego County growing operations by approximately 20%.

High Unemployment Area

The 399 trainees in Job Numbers 2 & 4 work in a High Unemployment Area (HUA), a region with unemployment exceeding the state average by at least 25%. The Company’s locations in Salinas and Perris qualify for HUA status under these standards.

➤ 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. Trainees in Job Number 2 are currently employed with Altman and must show a wage increase from the ETP minimum \$11.70 at the end of the 90 day employment retention period. Some of the 341 trainees (8-30) in Job Number 2 will need a HUA wage modification. Trainees in Job Number 4 will be newly-hired within three months prior to the beginning term of the Agreement or during the Agreement and do not have to show a wage increase.

Altman is also requesting a wage modification from \$11.00 to \$10.00 per hour for some of the 58 newly-hired Job 4 trainees in an HUA. (5 to 10).

It will be made a condition of contract that the trainees in Job Number 4 will never be paid less than the statewide minimum wage rate in effect at the end of retention.

Substantial Contribution

Altman is a repeat contractor with payment earned in excess of \$250,000 at all three facilities combined within the past five years. Altman has received more than \$250,000 in ETP funding for incumbent worker training conducted at the Vista location in 2 Agreements over the last five years. Therefore, a 15% substantial contribution will be applied to the total eligible amount for Job Number 1 only.

Commitment to Training

Altman does not currently budget for training. It does, however, provide training on an as-needed basis for new-hire orientation and mandatory and essential training such as OSHA safety training. In the past, the Company has only been able to provide minimal training.

Safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

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

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned \$ %
ET15-0219	Statewide	8/1/14 – 7/31/16	\$352,500	\$352,500 (100%)*
ET12-0430	Statewide	6/25/12 – 6/24/14	\$279,720	\$279,720 (100%)

*Altman has tracked over 23,000 eligible training hours for 872 trainees who have completed training and retention. Therefore, it projects 100% earnings (\$352,500). The closeout invoice will be submitted by 8/31/16.

DEVELOPMENT SERVICES

Altman retained Training Funding Source (TFS) in Seal Beach to assist with development of this proposal for a flat fee of \$9,500.

ADMINISTRATIVE SERVICES

TFS will also 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

- Coaching and Counseling
- Leadership
- Meeting Facilitation

COMMERCIAL SKILLS

- Confined Space (training on how to follow procedures and work around tanks and other confined spaces)
- Driving and Delivery techniques
- Equipment Operations
- Forklift
- Growing Techniques
- Inventory Control
- Irrigation systems
- Merchandising
- Order Fulfillment
- Pay by Scan
- Planting
- Product availability
- Water recycling/efficiency

COMPUTER SKILLS

- Evolution (ERP software)
- MS Office (intermediate/advanced only)

CONTINUOUS IMPROVEMENT

- HACCP (Hazard Analysis and Critical Control Points)
- Process improvement
- Quality Improvement
- Lean Manufacturing

HAZARDOUS MATERIALS

- HazMat
- Hazardous Material Handling (Pesticides and Other Hazardous Materials)
- MSDS (Material Safety Data Sheets)

Safety Training is capped at 10% of a trainee's total training hours

PL Hours

0 – 40

COMMERCIAL SKILLS (1:3 Ratio)

- Production Equipment Operation and Maintenance

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery. PL is capped at 40 hours per-trainee.