

**DELEGATION ORDER**



**Training Proposal for:  
Applus RTD USA Services, Inc.  
Agreement Number: ET17-0206**

**Approval Date:** August 26, 2016

**ETP Regional Office:** North Hollywood

**Analyst:** M. Paccarelli

**PROJECT PROFILE**

Contract Attributes:	Retrainee SET HUA Priority Rate	Industry Sector(s):	Services High-Tech Construction Aerospace  Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Kern, Ventura, Orange	Repeat Contractor:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Union(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Number of Employees in:	CA: 245	U.S.: 561	Worldwide: 20,000
<u>Turnover Rate:</u>	19%		
<u>Managers/Supervisors:</u> (% of total trainees)	10%		

**FUNDING DETAIL**

Program Costs	-	(Substantial Contribution)	=	(High Earner Reduction)	=	<b>Total ETP Funding</b>
\$99,792		\$0		\$0		\$99,792

<b>In-Kind Contribution:</b>	<b>100% of Total ETP Funding Required</b>	<b>\$129,965</b>
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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 SET HUA Priority Rate	Commercial Skills, Computer Skills, Cont. Impr., Business Skills, Hazardous Mat., OSHA 10/30, PL-Comml Skills	215	8-200	0	\$432	*\$11.70
				Weighted Avg: 24			
2	Retrainee SET Priority Rate	Commercial Skills, Computer Skills, Cont. Impr., Business Skills, Hazardous Mat., OSHA 10/30, PL-Comml Skills	16	8-200	0	\$432	\$21.28
				Weighted Avg: 24			

\*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.

**Minimum Wage by County:**  
 Job Number 1: \$11.70 per hour for Kern County  
 Job Number 2: \$21.28 per hour Statewide

**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 \$1.14 per hour may be used to meet the Post-Retention Wage in Job Number 1.  
 Up to \$1.92 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
<b>Job Number 1</b>		
Technicians		74
Assistant Technicians		68
Inspectors		14
Field/Office Support Staff		15
Administrative Staff I		13
Administrative Staff II		10
Frontline Supervisor I		16
Frontline Supervisor II		5

<b>Job Number 2</b>		
Technicians	\$19.36 - \$48.00	7
Assistant Technicians	\$19.36 - \$24.00	4
Inspectors	\$37.88 - \$38.40	2
Administrative Staff	\$19.36 - \$19.36	1
Frontline Supervisor	\$63.46 - \$74.53	2

## **INTRODUCTION**

Founded in 1930, Applus RTD USA Services, Inc. (Applus) ([www.applus.com](http://www.applus.com)) engages in testing, inspection, and certification, providing solutions to companies in construction, oil & gas, power, automotive, industrial, and telecommunications sectors to ensure that their assets and products comply with health and safety, quality, and environmental standards and regulations. Its customers include Underground Construction, Ortega Construction, Crosno Construction, SpaceX, Simplot Grower Solutions, Phillips 66, Chevron, Paso Robles Tank, KB Homes, Taft Manufacturing, Airgas, TransCanada Pipelines, Shell Pipeline, Southern California Gas Company to name a few.

The Company is a division of the Applus Group of Companies and a subsidiary of Libertytown USA 3, Inc., which has numerous divisions globally. Applus is seeking ETP funds to train employees in its California facilities in Bakersfield, Ventura, and Westminster, but the majority of training will be provided to its employees at the Company's new 25,000 sq. ft. facility in Bakersfield.

Applus is eligible for ETP funding under Special Employment Training (SET) provisions for frontline workers.

## **PROJECT DETAILS**

### **Training Plan**

This will be Applus' first ETP Agreement. There is a paradigm shift in the existing industry sectors. Customers are demanding a lean and more efficient method of collecting higher quality data and testing. Applus needs to advance employee skills to meet customer demands and requirements,. Although it is not required as a condition of employment, the proposed training will give its employees the certifications needed to remain competitive in the industry.

Training will be at the Company's California locations. Classes will be delivered by Applus' technical staff and other in-house subject matter experts.

**Commercial Skills (75%)** - Training will be offered to Technicians, Assistant Technicians, Inspectors, Field Support Staff, and Frontline Supervisor. Training will focus on Non-Destructive Training methods and techniques, equipment and operation processes.

**Computer Skills (5%)** - Training will be offered to Field/Office Support Staff and Frontline Supervisors in the automation of company functions and Advanced/Intermediate MS Office.

**Continuous Improvement Skills (5%)** - Training will be offered to all occupations in project management, total quality management, and leadership skills. Training will provide trainees the skills needed to improve productivity, quality, and overall work environment.

**Business Skills (5%)** - Training will be offered to all occupations focusing on customer service, conflict resolution, and interpersonal skills.

**Hazardous Materials (5%)** - Training will be offered to Assistant Technicians, Technicians, Inspectors, and Frontline Supervisors on safe handling of hazardous materials.

### **OSHA 10/30 (5%)**

OSHA 10/30 is a series of courses “bundled” by industry sector and occupation. It consists of 10 hours of training for Assistant Technicians, Technicians, and Inspectors; and 30 hours for Frontline Supervisors. The coursework must be approved by, and the instructors must be certified by Cal-OSHA.

To ensure that each trainee receives certification, ETP will only consider payment earned upon completion of the full 10-hour or 30-hour course. OSHA 10/30 is not included in the 10% limitation on safety training.

### **Productive Laboratory (PL) – Commercial Skills**

Trainees may produce goods or provide service for profit as part of the Productive Lab (PL) training in the courses identified under the Curriculum. PL training will be offered to Assistant Technicians, Technicians, and Inspector in Commercial Skills courses such as Set Up and Job Preparation, Equipment Operation, and Non-Destructive Testing.

Trainees will receive a combination of Class/Lab training along with up to 40 PL hours. First, trainees will attend classroom training on Commercial Skills courses. Then, the trainees will learn by observation, shadowing the trainer, and completing supervised work assignments. PL will be delivered with a trainer-to-trainee ratio of 1:1. Each PL training session is structured with specific skills that trainees must learn. Trainees are evaluated on knowledge, skill, and proficiency. Trainers must certify competency for each skill before trainees are allowed to work independently. To certify competency, each trainee is required to take three tests with passing score of 70% for each test and a combined score of 80% for all tests.

Trainers will be in-house subject matter experts who are exclusively dedicated to instruction for the entire reported training time. Upon completion of PL training, trainees will continue to receive “on-the-job” training at the employer’s expense.

### **Special Employment Training**

Under SET, the employer is not required to demonstrate out-of-state competition. To qualify under SET, trainees must be earning at least the statewide average hourly wage at the end of the retention period.

### **Modifications**

#### ***High Unemployment Area***

All trainees In Job Number 1 work in a High Unemployment Area (HUA), a region with unemployment exceeding the state average by 15%, under the Panel’s standards. The Company’s location in the City of Bakersfield (Kern County) is in a HUA. Trainees qualify for the ETP Minimum Wage rather than the Statewide Average Hourly Wage.

***HUA Wage Modification***

The Panel may further modify the ETP Minimum Wage for trainees by up to 25% if post-retention wages exceed the start-of-training wages. Applus is requesting a wage modification from \$15.60 to \$11.70 for Kern County.

***Frontline Worker***

Applus will include 23 Frontline Supervisors in this training proposal. These employees supervise and do the work in conjunction with and of its field staff. These supervisors are frontline workers, non-exempt from overtime, and spend more than 50% of their time performing frontline work duties. Trainees meet the Panel's definition of frontline workers, qualifying for SET funding.

**Commitment to Training**

ETP funds will not displace the existing financial commitment to training. The Company's annual training budget is approximately \$480,000 which includes customer-specific training such as environmental, California Oil Producers (COPS), Passport, Smith driving, CAL-OSHA and voluntary career advancement training. The CAL-OSHA is a State-mandated training different from the OSHA 10/30 in the proposed training plan. 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.

**DEVELOPMENT SERVICES**

N/A

**ADMINISTRATIVE SERVICES**

N/A

**TRAINING VENDORS**

N/A

**Exhibit B: Menu Curriculum**

**Class/Lab Hours**

8-200 Trainees may receive any of the following:

**COMMERCIAL SKILLS**

- Acoustic Emission
- Electromagnetic Testing
- Ground Penetrating Radar
- Guided Wave
- Laser Methods
- Leak Testing
- Magnetic Flux Leakage
- Magnetic Particle Testing
- Penetrant Testing
- Radiological Testing
- Thermal/Infrared Testing
- Ultrasonic Testing
- Vibration Analysis
- Visual Testing
- 3D Scanning

**BUSINESS SKILLS**

- Customer Service

**CONTINUOUS IMPROVEMENT**

- Process Improvement
- Leadership
- Six Sigma
- Project Management

**COMPUTER SKILLS**

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

**HAZARDOUS MATERIALS**

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

**OSHA 10/30 (Certified OSHA Instructor)**

- OSHA 10 (requires 10 hours completion)
- OSHA 30 (requires 30 hours completion)

**Productive Lab**

0-40

**COMMERCIAL SKILLS** (trainer-to-trainee ratio of 1:1)

- Set Up and Job Preparation
- Equipment Operation
- Non-Destructive Testing

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.