



**Retrainee - Job Creation
Training Proposal for:
B & B Pipe and Tool Co.**

Small Business ≤ \$50,000

ET16-0188

Approval Date: September 29, 2015

ETP Regional Office: North Hollywood

Analyst: M. Paccereilli

CONTRACTOR

- Type of Industry: Manufacturing

- Priority Industry: Yes No

- Number of Full-Time Employees
 - California: 46
 - Worldwide: 46
 - Number to be trained: 46
 - Owner Yes No

- Out-of-State Competition: NAICS Code Eligible
- Special Employment Training (SET): Yes No
- High Unemployment Area (HUA): Yes No
- Turnover Rate: 12%
- Repeat Contractor: Yes No

FUNDING

- Requested Amount: \$49,920
- In-Kind Contribution: \$53,760

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, Computer Skills, Continuous Impr, HazMat; Literacy Skills, Mfg. Skills; PL- Mfg. Skills	28	8-60	0	\$1,040	\$15.07
				Weighted Avg: 40			
2	Retrainee Priority Rate SB<100 HUA	Business Skills, Computer Skills, Continuous Impr, HazMat; Literacy Skills, Mfg. Skills; PL- Mfg. Skills	14	8-60	0	\$1,040	\$11.30
				Weighted Avg: 40			
3	Retrainee Job Creation Initiative Priority Rate SB<100	Business Skills, Computer Skills, Continuous Impr, HazMat; Literacy Skills, Mfg. Skills; PL- Mfg. Skills	4	8-60	0	\$1,560	*\$9.25
				Weighted Avg: 60			

* Trainees must earn at least the State of California minimum wage rate (base wage) that is in effect at the time of final payment, regardless of the ETP Minimum Wage for Job Number 3.

- Reimbursement Rate: \$26 SB Priority
- County(ies): Los Angeles, Kern
- Occupations to be Trained: Production Staff, Office Support Staff, Manager
- Union Representation: Yes
 No
- Health Benefits: Job #1: \$4.97 per hour Job #2: \$2.25 per hour
Job #3: N/A

SUBCONTRACTORS

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

INTRODUCTION

Founded in 1952, B & B Pipe & Tool Company (B & B) (www.bbpipe.com) is a contract machine shop that primarily provides pipe slotting and threading services for the petroleum, geothermal, and water well industries. B & B provides made-to-order, engineered product manufacturing for downhole equipment used by oil companies and water well drillers.

Need for Training

B & B is in the process of a major Enterprise Resource Planning (ERP) implementation to support its business development and growth. The Company invested \$36,000 in an ERP system (Epicor 10) that will house all company functions in one place. B & B also invested \$100,000 in a new drilling machine for a new business line estimated to increase revenue by 40% over the next 18 months. The purchase price of the new system and equipment does not include training.

This will be the first ETP Agreement for the B & B. As a small business, B & B has a limited training budget to fully train its employees. B & B is seeking ETP funds to provide training in the implementation of its new ERP and business line.

Job Creation

In support of job creation, the Panel is offering incentives to companies that commit to hiring new employees (higher reimbursement rate and a lower post-retention wage). Trainees must be hired within the three-month period prior to Panel approval or during the term of the contract.

With its new business line, B & B is expanding its existing business capacity by adding newly-hired employees to operate the new line and fully utilize the new equipment. The Company has committed to hiring four new Production workers (Job Number 3). The date of hire will be within the three-month period before contract approval or within the term-of-contract. Trainees will be hired into “net new jobs” as a condition of contract.

Training Plan

Training will be provided at B & B’s facilities in Long Beach and Bakersfield by a combination of in-house staff and outside vendors.

Manufacturing Skills – Training will be provided to Production Staff focusing on machine operations, CNC programming and machine maintenance. Trainees will gain the skills and knowledge to operate the machines, ensure product quality, and implement best practices in manufacturing.

Computer Skills – Training will be provided to all trainees on navigating the Company’s new ERP system as well Microsoft Office Suite and other computer programs essential to B & B’s business operations.

Continuous Improvement Skills – Training will be provided to all occupations on Lean Manufacturing Concepts, Six Sigma and Total Quality Management.

Business Skills – Training will be provided to Office Support Staff focusing on communication, inventory control and accounting.

Hazardous Materials – Training will be provided to Production Staff in charge of handling and disposal of hazardous materials.

Literacy Skills – Training will be offered to all occupations who must overcome language barriers in the workforce to improve employee teamwork and productivity.

Productive Lab (PL)

It has been challenging for B & B to train its workers in manufacturing processes and equipment operations. This training would be too expensive to replicate in a simulated setting. As a small business, operating with limited funds, B & B cannot afford to keep excess inventory of raw materials for training purposes only. Training in a PL setting will benefit the Company and its employees by allowing B & B to train while real-time production runs.

A considerable amount of training will take place at the machines because of the complexity and precision required to run the equipment. This will include the new drilling machine as well as other equipment such as Pipe Slotting Machines, CNC Lathes, CNC Mills, Welders, Pipe Drilling Machine and Manual Lathes. The new 36 Spindle Drilling Machine is new to the Company and will require trainees to understand how to program and operate the machine.

B & B will deliver up to 30 hours of PL training with a trainer-to-trainee ratio of 1:1. Each PL event is structured and has specific skills that each trainee must learn and show proficiency in before the trainer signs off. Trainees are evaluated on knowledge, skill, and productivity. Upon completion of the PL training, an additional 40 hours of on-the-job training will be provided at the Company's expense. The trainers are in-house subject matter experts who are exclusively dedicated to instruction for the entire reported training time.

High Unemployment Area

The 14 trainees in Job Number 2 work in a High Unemployment Area (HUA) with unemployment exceeding the state average by at least 25%. B & B's locations in Long Beach and Bakersfield qualify for HUA status under these standards. The Company is requesting wage modification to the HUA minimum hourly wage of \$11.98 in Los Angeles County and \$11.30 in Bakersfield County for Job Number 2. At the end of the 90-day retention period, the HUA trainee's wage will be higher than the wage at the start of training. Only those trainees who receive a post-retention wage increase will be eligible for ETP reimbursement.

RECOMMENDATION

Staff recommends approval of this proposal.

Exhibit B: Menu Curriculum

Class/Lab Hours

8-60

Trainees may receive any of the following:

BUSINESS SKILLS

- Accounting
- Inventory Control
- Conflict Management
- Team Building
- Communication
- Interpersonal Skills
- Leadership Skills
- Decision Making
- Teambuilding
- Purchasing

COMPUTER SKILLS

- Enterprise Resource Planning (ERP)
- Master CAM
- Solid Works
- Microsoft Office

CONTINUOUS IMPROVEMENT

- Total Quality Management (TQM)
- Six Sigma [Green Belt]
- Environmental & Safety Training
- Lean Manufacturing Concepts

HAZARDOUS MATERIALS (HAZMAT)

- Hazardous Materials Handling
- Hazardous Waste Cleaning

LITERACY SKILLS

- Vocational English as a Second Language

MANUFACTURING

- Manufacturing Practices
- Production Operations
- CNC Machine Operation
- CNC Programming
- Equipment Operations
- Assembly Procedures
- Forklift Operations
- Inventory Control
- Blue Prints

Productive Lab Hours

0–30

PL-MANUFACTURING (1:1 Ratio)

- Work Instructions
- Equipment Operations
- CNC Machine Operations
- CNC Programming
- Assembly Procedures
- Inventory Control
- Manufacturing Practices

Literacy Training cannot exceed 45% of total training hours per-trainee.

Safety Training will be limited to 10% of total training hours per-trainee.

Note: Reimbursement for retraining is capped at 60 total hours per-trainee, regardless of method of delivery. PL is capped at 30 hours per-trainee.