

DELEGATION ORDER



RETRAINEE - JOB CREATION

Training Proposal for:

B/E Aerospace, Inc. dba Teklam

Agreement Number: ET16-0324

Approval Date: December 23, 2015

ETP Regional Office: San Diego

Analyst: S. Godin

PROJECT PROFILE

Contract Attributes:	Priority Rate Retrainee Job Creation Initiative	Industry Sector(s):	Manufacturing Aerospace and Defense Engineering Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Riverside	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: 495	U.S.: 5,844	Worldwide: 9,000
<u>Turnover Rate:</u>	13%		
<u>Managers/Supervisors:</u> (% of total trainees)	13%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	Total ETP Funding
\$81,120		\$0	\$0		\$81,120

In-Kind Contribution:	100% of Total ETP Funding Required	\$89,037
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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, Computer Skills, Cont. Imp., HazMat., Mfg. Skills, OSHA 10/30, PL-Mfg. Skills	64	8-200	0	\$1,080	*\$15.07
				Weighted Avg: 60			
2	Retrainee Priority Rate Job Creation Initiative	Business Skills, Computer Skills, Cont. Imp., HazMat., Mfg. Skills, OSHA 10/30, PL-Mfg. Skills	10	8-200	0	\$1,200	*\$12.33
				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 State of local minimum wage rate as in effect at the end of retention. (Final Payment) regardless of the wage expressed in this table. The highest minimum wage rate will prevail.

Minimum Wage by County: Job Number 1: \$15.07; Job Number 2 (Job Creation: \$12.33 in Riverside 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 \$3.82 per hour may be used to meet the Post-Retention Wage for Job Number 1 and up to \$1.08 per hour for Job Number 2.

Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
Job Number 1		
Assemblers		30
Quality Inspector/Test Technicians		5
Material Handler		2
Supervisors		3
Managers		7
Operators		3
Customer Service/Administrative Support/Buyers		5
Production Leads		4
IT/Engineering Staff		5

Job Number 2		
Assembler		5
Quality Inspector/Test Technician		2
Material Handler		1
Operator		2

INTRODUCTION

Teklam Aerospace, an independent subsidiary of B/E Aerospace, Inc., was founded in 1990 by Robert Simmons and acquired by B/E Aerospace (B/E) in 2011. B/E Aerospace, Inc. dba Teklam (Teklam) (www.beaerospace.com) operates a 93,000 square foot facility located in Corona and employs 70 full time workers. Teklam designs and manufactures laminated products using lightweight structural materials. Its panel products are primarily used in aerospace industries. Teklam's laminated panels can be found in airplane lavatories, water and waste systems, inflight systems, seating, and galley systems in commercial, business jet, and military airplanes.

PROJECT DETAILS

Teklam's training needs are heavily driven by the significant increase in customer demands. As part of the B/E Aerospace Structures and Integration product family, Teklam supplies laminated panels for the Boeing 737 advanced lavatory, a 10-year \$800M contract that is expected to double production volume in 2016 and triple the volume in 2017 at this facility. The Company has also been awarded a long term contract for panel production on the A350 Airbus galley at \$10M every year until 2022. Teklam also partners with American Airlines, Dassault Falcon Jet, Panasonic Avionics, Flight Safety International, Cessna and Comtek for floor panel production. To meet these increased production requirements, Teklam must transition to a high performance workplace and implement Lean manufacturing practices throughout the facility.

To support high demand, Teklam has also implemented a major upgrade to its Epicor ERP system, which went live in November. Super users will be trained during the first quarter of 2016. Training for the rest of the workforce will occur once the super users are competent to serve as in-house trainers. The Company has also purchased additional machinery and will upgrade its Manufacturing Execution System (computer station cells on the shop floor) to allow for a paperless process and on-the-spot job completion report. New upgrades are scheduled for the CAD/CAM software as well.

The required upgrades in both machinery and work processes coupled with the high volume of work will require Teklam to focus on the manufacturing quality to reduce scrap and rework, and streamline production areas. The successful implementation of Lean manufacturing and continuous improvement methods across all departments will ensure that Teklam remains globally competitive.

Retrainee - Job Creation

Teklam states that to support its projected increase in 2016 and 2017, it has committed to hiring at least 20 net new employees, of which 10 are included in the proposed ETP Agreement (7 Assemblers, 1 Quality Inspector, 1 Test Technician and 1 Material Handler) (Job Number 2). The new workers will require extensive training to develop the requisite skills needed to facilitate projected growth.

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. Job Creation trainees must be hired within the three month period prior to Panel approval or during the term of the contract. Trainees must be hired into “net new jobs” as a condition of contract.

Temporary to Permanent Hiring

Some trainees in Job Number 2 come under Panel guidelines for “temporary to permanent” employment. Teklam has retained 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. However, the retention and post-retention wage requirements cannot be satisfied until after they have been hired by Teklam. Until then, Teklam will not receive progress payments.

The Company states that it uses two temporary agencies to hire temporary staff: Express and Aerotek. Although Teklam has a contract agreement for rates and services, it does not have an exclusive relationship with any agency. Both of the aforementioned agencies require the temporary worker to remain on a temporary status for 520 hours before being hired into a permanent status; however, there is no policy on the fixed amount of time that a temporary worker can remain on temporary status. The majority of the occupations filled by the agencies are for production workers and quality positions.

Once a temporary worker has been converted to a permanent status, he/she begins the 90 day probationary period. Permanent employees are eligible for medical benefits on the 60th day of employment.

Training Plan

The majority of the training will be delivered by in-house staff, with a smaller portion conducted by outside training vendors as yet to be determined.

Business Skills (5%): All occupations will receive training relative to their job function. Customer service and communication skills will provide the necessary tools to interact with external and internal customers in a professional manner. Managers/Supervisors and select frontline workers will receive facilitator and coaching skills to become competent internal trainers. All occupations will receive Product Knowledge training to be able to speak to the Company’s products and services with acumen.

Computer Skills (20%): All occupations will receive training in the new revisions to the ERP Epicor system. The ERP training will provide workers with the skills to navigate the software; thus reducing errors and rework, and improve inventory and production management to meet increased customer demands. Engineering/IT Staff and select Test Technicians will receive Master CAM and Solidworks Auto CAD to improve product design. Assemblers, Material Handlers, Production Leads, Quality Inspectors, Test Technicians and Technical/Engineering Staff will also receive training in the upgraded Manufacturing Execution System which is set up in each cell on the production floor. Managers and select Administrative Support Staff will be trained on the latest revisions to the Success Factors/SAP program, a human resource program that provides management with tools to track employee health benefit and beneficiary information; employee training and development tracking; and historical wage compensation information.

Continuous Improvement (15%): Training will be offered to all occupations with a focus on Lean manufacturing and total quality methods and process improvement. Employees will receive training in Six Sigma, Lean Manufacturing, Statistical Process Control and Standard Operating Procedures to support increased customer demands while complying with quality standard requirements.

Manufacturing Skills (50%): Assemblers, Material Handlers, Production Leads, Quality Inspectors, Test Technicians and Technical/Engineering Staff and select Managers/Supervisors will receive training in blue print reading, new equipment operations, maintenance and troubleshooting, inventory control and inspection techniques. Standard operating procedures will be developed and applied to each piece of equipment. Cross-training workers on machinery will increase manufacturing capability and shorten delivery times. Good Manufacturing Practices will reduce waste, improve product quality and increase manufacturing capabilities.

Hazardous Materials (5%): Assemblers, Material Handlers, Production Leads, Quality Inspectors, Test Technicians and Technical/Engineering Staff working with hazardous materials will receive skills training in hazardous waste/spill operations and emergency response. They will also learn to properly complete material safety data sheets.

Certified Safety Training

OSHA 10/30 (5%). This training is a series of courses “bundled” by industry sector and occupation. It consists of 10 hours of classroom or CBT training for journey-level workers and 30 hours for frontline supervisors. The coursework is geared to construction work, and also manufacturing. Completion of the training results in a certificate that expands employment opportunities. The coursework must be approved by Cal-OSHA, and the instructors must be certified by Cal-OSHA. This training will be offered to Assemblers, Material Handlers, Production Leads, Quality Inspectors, Test Technicians and select Managers and Supervisors working on the production floor.

Productive Laboratory - Manufacturing Skills

The Panel has adopted regulations to authorize reimbursement for training delivered in a Productive Laboratory (PL) setting. PL trainees may produce goods for profit as part of the training in the courses identified under the Curriculum. The instructor must be dedicated to training delivery during all hours of training, and special attendance rosters will be used to assist in monitoring.

Up to 60 hours in PL Manufacturing will be offered to Production, Technical and Quality Staff. Tasks will focus on machine set-up, operation, maintenance and troubleshooting on CNC machines, saws, presses, honeycomb expanders, manufacturing execution stations, pneumatic tools and quality inspection tools. The PL trainers are in-house subject matter experts who are exclusively dedicated to instruction for the entire reported PL training time. Teklam has provided ETP staff with an extensive list of tasks and competencies to substantiate the PL hours proposed for ETP funding.

Training will be delivered in a 1:1 trainer-to-trainee ratio and documented as it occurs. Trainers will certify trainees on the aforementioned tasks once the trainees are deemed competent. Trainees will meet minimum productivity standards at the conclusion of PL.

Teklam anticipates production will be lower during PL as trainees will not be expected to produce at the same output level in order to focus on product quality and zero defects.

Commitment to Training

Company provides the following training: sexual harassment prevention and violence in the workplace prevention, new hire orientation, basic Microsoft Office Suite application skills and basic safety. Teklam spends approximately \$10,000 on training at its Corona facility. 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.

➤ Training Infrastructure

Teklam's HR manager will act as the ETP Project Administrator and will maintain training records, upload and track training hours and train in-house trainers on how to complete training rosters. The Company will seek additional support if needed by hiring a part time clerical assistant.

Impact/Outcome

Training goals include the implementation of the Companywide ERP revision; the adoption of Lean concepts across all departments; and development of the skill sets necessary to successfully manage company growth while providing long term career opportunities for employees.

RECOMMENDATION

Staff recommends approval of this proposal.

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:

BUSINESS SKILLS

- + Communication Skills
- + Customer Service
- + Conflict Resolution
- + Negotiation Skills
- + Goal Setting/Time Management
- + Coaching
- + Leadership and Team Building
- + Project Management
- + Inventory Control
- + Financial/Accounting Processes
- + Product Knowledge
- + Facilitator Training

COMPUTER SKILLS

- + ERP Software (Epicor)
- + Master CAM
- + Solidworks CAD
- + Success Factors/SAP
- + Manufacturing Execution System

CONTINUOUS IMPROVEMENT

- + Six Sigma
- + Lean Manufacturing Processes
- + Kanban
- + Zero Waste Methodologies
- + Standard Operating Procedures
- + AS9100/ISO9001
- + Quality Methods and Improvement
- + Statistical Process Control
- + Material Requirement Planning
- + Process Improvement
- + Inspection Techniques
- + Kaizen Events
- + Problem Solving Skills

HAZARDOUS MATERIALS

- + Resource Conservation and Recovery Act
- + Hazardous Materials/Hazard Communication Skills

OSHA 10/30 (Certified OSHA Instructor)

- + OSHA 10 (requires 10hrs completion)
- + OSHA 30 (requires 30hrs completion)

MANUFACTURING SKILLS

- + Blueprint Reading
- + Inventory Control
- + Inspection
- + Manufacturing Techniques and Processes
- + New Equipment Operation & Troubleshooting
- + Traveler Reading
- + Preventive Maintenance
- + Good Manufacturing Practices

PL Hours

0 – 60

MANUFACTURING SKILLS (Ratio 1:1)

- + Lay-Up Department Tasks:
 - Nomex Drying Techniques
 - Honeycomb Expansion Skills
 - Aluminum Panel Lay-Up
 - Aluminum Adhesive Application to Skins
 - Measuring & Cutting Materials for Embedded Panels
 - Splicing Aluminum Cores
 - Splicing Nomex Core
 - Balsa Sanding
- + Manufacturing Support Functions:
 - Creating & Reading a Traveler
 - Reading a Blueprint
 - Completing Material Usage Sheet
 - 5S Auditor Skills
 - Oven & Vacuum System Operation
 - Cleaning Panels
 - Installing Panel Inserts
 - Edge Potting
 - Manufacture of Routing Panels
 - Removing & Replacing Inserts
 - Table Saw Usage
 - Debulking Table Usage
 - Block Installation
 - Label Making
- + Press Operator Training:
 - Press/Heat Exchanger Operation
 - Label Making
 - Correctly Read Pressure Chart Recorder
 - Correctly Read Temperature Chart Recorders
 - Correctly Use Laser Thermometer
 - Correctly Operate Scissor Lift Table
 - Boiler Operation
- + Warehouse & Distribution Staff:
 - Panel Saw Operation
 - Stencil Machine Operation
 - Correctly Trim Aluminum Panels
 - Properly Operate Strapper

- Correctly Fill Pits on Curve Panels
 - Correctly Load/Unload Panels
 - Label Printing
 - Completing Ship-Outs
 - Correctly Refill Propane Tank
- ✚ Quality & Inspection Personnel:
- Properly Inspect Panel Warpage
 - Complete Flat Panel Inspection
 - Perform White Board Verification
 - First Article Inspection
 - Completion of In-House Calibration
 - Material Control Number Issuance Procedure

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

Note: Reimbursement for class/lab retraining is capped at 200 total hours per-trainee, regardless of method of delivery. PL Manufacturing Skills training is capped at 60 hours per trainee.