



Training Proposal for:
Baycorr Packaging Inc. dba Heritage Paper

Agreement Number: ET16-0395

Panel Meeting of: March 25, 2016

ETP Regional Office: San Francisco Bay Area

Analyst: L. Lai

PROJECT PROFILE

Contract Attributes:	Priority Rate Retrainee HUA	Industry Sector(s):	Manufacturing Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Alameda, Fresno, San Joaquin	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: 185	U.S.: 185	Worldwide: 185
<u>Turnover Rate:</u>	10%		
<u>Managers/Supervisors:</u> (% of total trainees)	17%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	Total ETP Funding
\$196,416		\$0	\$0		\$196,416

In-Kind Contribution:	100% of Total ETP Funding Required	\$200,000
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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	Adv. Technology, Business Skills, Computer Skills, Con't. Improve, Mfg Skills, OSHA 10/30	176	8-200	0	\$1,116	\$15.60
				Weighted Avg: 62			

Minimum Wage by County: \$17.02 per hour for Alameda County; \$16.10 per hour for Sacramento County; \$15.60 per hour for Fresno and San Joaquin Counties.

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 \$6.02 per hour may be used to meet the Post-Retention Wage.

Wage Range by Occupation

Occupation Titles	Wage Range	Estimated # of Trainees
Admin/Support Staff (Accounting, Administration, Customer Service, HR, IT, Sales, Marketing)		49
Technical Staff (Design, Engineer, QC, R&D)		48
Production Staff (Fulfillment, Production, Transportation, Warehouse)	*	49
Manager/Supervisor		30

*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.

INTRODUCTION

Headquartered in Livermore, Baycorr Packaging Inc. dba Heritage Paper (Heritage) (www.heritagesolutions.com) was founded in 1986. The Company designs, manufactures and delivers custom packaging. Items include display units for food service companies, custom wood crates for wine manufacturer, and specialty items such as shipping containers for medical equipment. Customers include domestic and international manufacturers in the food and beverage, packaging and shipping, electronics, automotive, and biotechnology industries. In the last two years, the Company has grown from 109 to 189 total employees at its four facilities located in Livermore, Fresno, Lathrop, and Sacramento. All four locations will participate in training.

PROJECT DETAILS

This will be Heritage’s fourth Agreement, third within the last five years. The Company’s first Agreement (ET08-0418) focused on Continuous Improvement and Manufacturing Skills and the second (ET12-0146) focused on customer service, sales and marketing, Lean Manufacturing, and a new bag/pouch line for the food industry. The most recent Agreement (ET14-0273), focused on training employees on a new digital print technology.

This new proposal will continue training not completed under ET14-0273 due to delays in software updates; problems with software compatibility; equipment testing; and training of subject-matter experts.

In addition, Heritage will offer training on:

- **New Products:** In addition to traditional cardboard displays, the Company will now offer permanent displays made of wood and plastic that can be used year round.
- **High-end Flexography Printing (known as high flex):** This procedure will enable the Company to meet customer demands for the most high-resolution, cost-effective corrugated containers and displays.
- **Hewlett-Packard HDR (High Dynamic Range) Print Technology:** Heritage is one of a select group of manufacturers in the United States to have this technology. The Company will be able to offer rapid set-up and high-production runs of a wide range of high-quality substrates for packaging, signage and graphics.
- **Paycom:** The Company will be changing to a new payroll processing system with more features and accessibility.

Training Plan

To address all the above, Heritage must provide training (Class/Lab and E-Learning) to employees across all areas of the business to integrate the new digital printing processes and prepare for growth and increased production capacity.

Advanced Technology (10%)

Heritage requests the Advanced Technology (AT) rate of \$26 per hour for the training in Digital Print and High-End Flexo Print Technologies. Heritage has made over \$10 Million investment in the new Digital Printing Division including \$7 million for Gopfert Printing equipment, \$1.5 million for Vega Gluing, and \$2.2 million for HP Digital Printer. Limited staff training (1-6 hours) was included in this investment—none which is part of this proposal.

Necessary workforce training on the machinery is highly technical and will be conducted in a simulated lab environment and the trainees will not be producing any products while in training. About 30 hours of training will be delivered to 40 Production and Technical Staff responsible for programming the software and operating the machines. The trainer-to-trainee ratio will not exceed 1:10 to allow in-depth coverage and personal attention from the instructor. Trainers will be VP of Operations, Managers, and Supervisors who were trained in train-the-trainer courses under the previous Agreement (ET14-0273).

Business Skills (23%): Training will be offered to Admin/Support Staff and Managers/Supervisors to implement new sales, marketing, administrative and financial processes related to new products and customers. Supervisors/Managers will also receive Performance Management training to ensure customer and internal goals and objectives are met and managed in a timely manner.

Computer Skills (25%): Training will be delivered to Admin/Support Staff (specifically Accounting, Administration, HR, and IT). Trainees will learn how to use the new Paycom software for faster payroll processing. Trainees will also learn how to interface information from existing software systems into a singular reporting mechanism.

Manufacturing Skills (20%): Training will be offered to Production Staff, and Supervisors/Managers and will focus on the launch of new equipment and processes and the integration of new products and industries. Topics include Design and Pre-Press Processes, Advanced Glue Technology, Permanent Displays, and Packing & Fulfillment. Training will reduce waste and production lead times.

Continuous Improvement (20%): Training will be provided to all occupations. Topics will include processes and Lean Manufacturing techniques related to the new processes. Training will efficiently eliminate waste, increase profitability, and optimize administrative and manufacturing processes.

Certified Safety Training (2%)

OSHA 10/30. This training will be provided to Technical Staff. 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.

High Unemployment Area

The Company's locations in Fresno and San Joaquin Counties are located in a High Unemployment Area (HUA), with unemployment exceeding the state average by at least 25%. However, the Company is not asking for a wage modification.

Commitment to Training

ETP funding will not affect the Company's financial commitment to training. The annual training budget is \$80,000 per facility. Courses offered include basic skills, basic & intermediate computer systems, on-the-job training, employee orientation, human resource, sexual harassment prevention and regulatory training, CPR, and ISO skills (to maintain 2001:2008 certification). The Company also offers ad-hoc training for unforeseen needs, seminars, conferences and open enrollment classes.

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

Substantial Contribution

Although the company is a repeat contractor, substantial contribution is not being applied because no one facility has earned in excess of \$250,000 within the past five years.

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

The following table summarizes performance by Heritage under ETP Agreements that were completed within the last five years:

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned \$ %
ET14-0273	Fresno, Livermore, Lathrop, Sacramento	02/03/2014–02/02/2016	\$197,000	\$196,880 (100%)
ET12-0146	Fresno, Livermore, Lathrop, Sacramento	10/03/2011–10/02/2013	\$199,584	\$198,279 (99%)

DEVELOPMENT SERVICES

Heritage retained Sallyanne Monti Consulting in San Francisco to assist with development of this proposal for a flat fee of \$8,500.

ADMINISTRATIVE SERVICES

Heritage also retained Sallyanne Monti Consulting to perform administrative services 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:

ADVANCED TECHNOLOGY

- Advanced Digital Print Technology
- Advanced High End Flexo Print Technology

BUSINESS SKILLS

- Customer Service, Sales & Marketing Skills
 - Advanced Digital Print Technology
 - Advanced Flexo Print Technology
 - Advanced Glue Technology
 - Design & Pre-Press Processes
 - Flexo Printing Progressions
 - Permanent Displays
- Performance Management

COMPUTER SKILLS

- Advanced Existing Software Integration for Reporting
 - Advanced Digital Print Technology
 - Advanced Flexo Print Technology
- Paycom

CONTINUOUS IMPROVEMENT

- Continuous Improvement Processes for New Initiatives
 - Advanced Digital Print Technology
 - Advanced Flexo Print Technology
 - Advanced Glue Technology
 - Design & Pre-Press Processes
 - Flexo Printing Progressions
 - Permanent Displays
- Lean Manufacturing & 5S for New Initiatives
 - Advanced Digital Print Technology
 - Advanced Flexo Print Technology
 - Advanced Glue Technology
 - Design & Pre-Press Processes
 - Flexo Printing Progressions
 - Permanent Displays

MANUFACTURING SKILLS

- Advanced Glue Technology
- Design & Pre-Press Processes
- Flexo Printing Progressions
- Permanent Displays
- Packing & Fulfillment
- Production Advancements

OSHA10/30 (OSHA certified instructor)

- OSHA 10 (requires completion of the full 10-hour course)
- OSHA 30 (requires completion of the full 30-hour course)

*Safety Training will be limited to 10% of total training hours, per trainee

E-Learning Hours

8 - 200

Trainees may receive any of the following:

BUSINESS SKILLS

- Customer Service, Sales & Marketing for New Initiatives
 - Advanced Digital Print Technology
 - Advanced Flexo Print Technology
 - Advanced Glue Technology
 - Design & Pre-Press Processes
 - Flexo Printing Progressions
 - Permanent Displays
- Performance Management

COMPUTER SKILLS

- Advanced Existing Software Integration for Reporting
 - Advanced Digital Print Technology
 - Advanced Flexo Print Technology
- Paycom

CONTINUOUS IMPROVEMENT

- Continuous Improvement Processes for New Initiatives
- Lean Manufacturing & 5S for New Initiatives
 - Advanced Digital Print Technology
 - Advanced Flexo Print Technology
 - Advanced Glue Technology
 - Design & Pre-Press Processes
 - Flexo Printing Progressions
 - Permanent Displays

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