



Training Proposal for:

Berg Lacquer Co. dba Ellis Paint Company

Agreement Number: ET15-0117

Panel Meeting of: June 27, 2014

ETP Regional Office: North Hollywood

Analyst: E. Fuzesi

PROJECT PROFILE

Contract Attributes:	Retrainee Priority Rate Job Creation Initiative HUA	Industry Sector(s):	Manufacturing Services Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Los Angeles	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: 112	U.S.:112	Worldwide: 112
<u>Turnover Rate:</u>	5%		
<u>Managers/Supervisors:</u> (% of total trainees)	12%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	Total ETP Funding
\$114,408		\$0	\$0		\$114,408

In-Kind Contribution:	100% of Total ETP Funding Required	\$213,813
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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, Literacy Skills, Mgmt. Skills, Mfg. Skills, OSHA 10/30	86	8-200	0-8	\$1,134	\$16.04
				Weighted Avg: 63			
2	Retrainee Job Creation Initiative	Business Skills, Computer Skills, Cont. Imp., HazMat, Literacy Skills, Mfg. Skills, OSHA 10	8	8-200	0-8	\$1,260	\$13.37
				Weighted Avg: 63			
3	Retrainee Priority Rate HUA	Business Skills, Computer Skills, Cont. Imp., HazMat, Literacy Skills, Mfg. Skills, OSHA 10	6	8-200	0-8	\$1,134	\$12.03
				Weighted Avg: 63			

Minimum Wage by County: \$16.04 per hour (Job Number 1), \$13.37 per hour (Job Number 2), and \$12.03 per hour (Job Number 3) for Los Angeles 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

Employer paid health benefits (medical, dental, vision) may be used to meet ETP hourly minimum wage requirements as follows: \$0.04 per hour for Job Number 1 (Retrainee), \$2.37 per hour for Job Number 2 (Job Creation), and \$0.03 per hour for Job Number 3 (HUA Retrainee).

Wage Range by Occupation		
Occupation Titles Retrainee	Wage Range	Estimated # of Trainees
Job #1 (Retrainee):		
Administration/Support Staff		22
Operation/Production Staff		52
Supervisor/Manager		12
Job #2 (Retrainee-Job Creation):		
Administration/Support Staff		3
Operation/Production Staff		5
Job #3 (HUA):		

Operation/Production Staff		6
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INTRODUCTION

Berg Lacquer Co. dba Ellis Paint Company (Ellis) (www.elispaint.com), a family-owned business founded in 1887, is a specialty paint manufacturer serving the industrial equipment, automotive refinishing, electronic, water treatment, pool and deck coating, and bio-tech markets, and independent retailers (e.g. paint and hardware stores) in Southern California. Its leading role in quality compliant coatings, small batch processes, and expertise in California air quality regulations has attracted a solid customer-base in a highly-regulated industry.

This is Ellis' first contract with ETP. Ellis will hold the contract for itself and two closely-affiliated entities: Pacific Resource Recovery Services (PRRS) and Global Management Company, LLC (Global). Ellis manufactures paint. PRRS is a hazardous waste facility for the treatment, storage, and disposal of paint-related waste. Global is the management company for Ellis and PRRS. The three companies have common ownership and management with corporate headquarters and all operations at the same Los Angeles address which will also be the participating location. Under the Unity of Enterprise Guideline, Ellis (a NAICS-approved manufacturer, and Panel Priority Industry) and its affiliates are eligible for ETP funding.

Ellis is challenged by industry mergers and acquisitions, whereby a few large competitors control more than three-quarters of the market nationally, and have more resources than smaller companies. Competitors are also outsourcing manufacturing to other states and countries with lower labor and operating costs. In addition, regulatory compliance costs are increasing and adding to the cost of doing business for both large and small manufacturers, making it difficult to remain competitive.

To face these challenges, Ellis must have tight cost management and execution of all business operations. Ellis has already created business opportunities by creating private label products, and by providing clients with marketing tools for their products. Ellis must also reduce costs by through efficient delivery of the highest quality products and services.

PRRS also has a specialty market niche of processing specific types of paint-related waste. As paint formulas change, PRRS must be able move to water-based and other types of waste products. PRRS' operation was built on a flammable recycling model, and now is in the process of reorganizing to handle water in a cost effective manner while keeping the flammable waste to recycle. PRRS now has foreign competitors taking a significant percentage of its business by offering lower prices. PRRS must, therefore, focus on generating new customers and new processes to remain viable.

Retrainee - Job Creation

Five new employees were recently hired in newly created positions. In this proposal, Ellis has committed to hiring 8 additional employees (Job Number 2). To be eligible for reimbursement, the trainees must be hired within the three-month period prior to Panel approval or during the term of contract. However, since Ellis was originally scheduled to appear before the April Panel but elected to go before the June Panel, the Company is requesting a 6-month job creation eligibility period rather than the standard 3 months. Training for newly-hired employees will be reimbursed at a higher rate, and trainees will be subject to a lower post-retention wage.

PROJECT DETAILS

Training Plan

The challenge of a small company is to remain unique in the industry while keeping current with market and regulatory changes. Ellis staff needs to be able to identify growth opportunities, develop new and improved products and services, improve processes, become more cost effective, and utilize the latest technology and best practices. The proposed training plan will allow Ellis to achieve these goals.

Business Skills (7%) – Training will be offered to all occupations to promote better planning, communication, customer service, and sales skills. Training will also teach staff to manage workload more effectively. Train-the-Trainer skills will allow select employees to become in-house trainers that can provide training on a regular basis as needs arise.

Computer Skills (5%) – Training will be offered to all occupations to optimize new computer technologies and eliminate the need to outsource work. Computer usage will also facilitate production processes by providing order-to-delivery tracking and expediting.

Continuous Improvement (20%) – Training will be offered to all occupations to promote teamwork, improve all internal processes, exceed productivity goals, and ensure industry compliance.

Hazardous Materials (15%) – Training will be offered to all staff to maintain a safe work environment. In addition, one Training Coordinator will become the OSHA company trainer, taking the OSHA Trainer Certification Course to be able to provide OSHA 10/30 classes to the rest of the workforce.

Literacy Skills (5%) – Training will be offered to monolingual Operations/Production Staff to improve verbal and written communication skills essential for safety, productivity, and profitability.

Management Skills (5%) – Training will be offered to Supervisors and Managers to lead effective teams that can work quickly, accurately, and safely. Training will help Managers coach their teams to sell, increase production, and accommodate special or rush orders without disruption to normal workflow.

Manufacturing Skills (33%) – Training will be offered to Operation/Production Staff to promote production efficiency, improve product quality, and hone inventory and warehouse procedures. Trainees will become highly skilled in operating and troubleshooting equipment in order to increase output and support increased sales. Workers will also be cross-trained in production and warehouse operations to eliminate downtime and support increased production demands.

OSHA 10/30 (10%)

OSHA 10/30 training is a series of courses “bundled” by industry sector and occupation. It consists of 10 hours of training for frontline workers and 30 hours for supervisors. This training is not required as a condition of doing business in California; however, 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.

Operation/Production Staff and Supervisors/Managers will learn about emergency action plans, personal safety equipment, recordkeeping and reporting, and becoming safety leaders. The courses will cover accident prevention, emergency response procedures, and monitoring the work area to ensure compliance with safety guidelines.

Impact/Outcome

Trainees will gain the skills they need to excel in their current jobs and become eligible for promotion. Ellis will become more competitive and profitable, and increase its market penetration. Success will be measured by wage increases, opening new positions, cost-saving ideas, increased operating profitability and sales. As a result of training, Ellis anticipates a two to four percent sales margin growth in the next two years.

➤ Training Infrastructure

In-house project administration will be done by the Human Resources Director, the Regulatory Affairs Director, the lead Senior Training Manager, and the Training Coordinator. Eight Senior Managers will ensure employees are scheduled for training, track trainee progress, and collect rosters. The Training Coordinator will interface with Ellis' subcontractor, JVS (see Administrative Services below).

Commitment to Training

Ellis' annual California training budget varies, and covers various job-related and safety skills on an as-needed basis in a class/lab setting. The Company also provides entry-level job skills training for newly hired workers. ETP funding will support a carefully-designed, intermediate and advanced job skills training program that will prepare current and future employees for advancement and ensure Ellis is competitive.

Ellis represents that 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.

HUA Wage Modification

All trainees work in the city of Los Angeles (Los Angeles County), a High Unemployment Area (HUA), with unemployment exceeding the state average by 25%.

For these trainees, the Panel may modify the ETP Minimum Wage requirement by up to 25% if post-retention wages exceed the start-of-training wages. Ellis is asking for a wage modification from the ETP minimum wage of \$16.04, to the HUA retrainee wage of \$12.03 for six (6) Operations/Production trainees in Job Number 3.

RECOMMENDATION

Staff recommends approval of this proposal including the wage modification.

DEVELOPMENT SERVICES

Ellis retained Jewish Vocational Services (JVS) in Los Angeles to assist with development of this proposal for a flat fee of \$9,100.

ADMINISTRATIVE SERVICES

JVS 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

- Communication Skills
- Project Management
- Strategic Planning
- Sales Skills
- Train-The-Trainer

COMPUTER SKILLS

- Adobe Suite
- Manufacturing Resource Planning (MRP)
 - Inventory Control (Finished Goods and Raw Materials)
 - Payroll and General Accounting
 - Purchase Order Tracking
- MS Office (Advanced)

CONTINUOUS IMPROVEMENT

- Leadership Skills for Frontline Workers
- Process Improvement
- Production Scheduling
- Quality Concepts and Total Quality Management
- Teamwork
- Workflow

HAZARDOUS MATERIALS

- Hazardous Chemical Cleaning/Handling
- Hazardous Materials Handling
- Hazardous Waste Cleaning
- Trainer Course and Update in OSHA Standards for General Industry
- Trainer Course for Hazardous Materials

LITERACY SKILLS *

- Vocational English as a Second Language

*Literacy Skills cannot exceed 45% of a trainee's total training hours

MANAGEMENT SKILLS (Managers & Supervisors Only)

- Leadership
- Decision Making
- Motivation, Team Building and Coaching

OSHA 10/30 (Certified OSHA Instructor)

- OSHA 10 (Requires Completion of 10 Hours)
- OSHA 30 (Requires Completion of 30 Hours)

MANUFACTURING SKILLS

- Assembly Procedures
- Bonding and Grounding
- Production Equipment Operation and Maintenance
- Inventory and Warehousing
- Production Operations

CBT Hours

0 – 8 hours

BUSINESS SKILLS

- How to Deliver Grand Slam Customer Service (1 hour)
- Managing Chaos and Pressure at Work (1 hour)
- Managing Emotions Under Stress (1 hour)
- Managing Employees who are Stretched to the Max (1 hour)
- Managing Heavy Workloads (1 hour)
- Top 10 Survival Skills for First Time Supervisors (1 hour)

COMPUTER SKILLS

- Advanced Adobe InDesign (2 hours)
- Advanced Adobe Photoshop (2 hours)
- Advanced Microsoft Excel (2 hours)
- Advanced Microsoft PowerPoint (2 hours)
- Intermediate Adobe InDesign (1 hour)
- Intermediate Adobe Photoshop (1 hour)
- Intro to Adobe InDesign (1 hour)
- Intro to Adobe Photoshop (1 hour)

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery. CBT hours are capped at 8 total training hours per trainee.