



RETRAINEE - JOB CREATION

Training Proposal for:

Blue Diamond Growers

Agreement Number: ET17-0278

Panel Meeting of: October 28, 2016

ETP Regional Office: Sacramento

Analyst: J. Lazarewicz

PROJECT PROFILE

Contract Attributes:	HUA Job Creation Initiative Priority Rate Retrainee Veterans	Industry Sector(s):	Manufacturing Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Counties Served:	Sacramento, Stanislaus	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: 1,465	U.S.: 1,465	Worldwide: 1,465	
<u>Turnover Rate:</u>	8%			
<u>Managers/Supervisors:</u> (% of total trainees)	10%			

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	=	(High Earner Reduction)	=	Total ETP Funding
\$174,560		\$0		\$0		\$174,560

In-Kind Contribution:	100% of Total ETP Funding Required	\$212,817
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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., Mfg. Skills, Mgmt. Skills, PL-Mfg. Skills	100	8-200	0	\$1,440	\$15.60*
				Weighted Avg: 80			
2	Job Creation Priority Rate Retrainee	Business Skills, Computer Skills, Cont. Imp., Mfg. Skills, Mgmt. Skills, PL-Mfg. Skills	10	8-200	0	\$2,000	\$12.77*
				Weighted Avg: 100			
3	Veterans Retrainee	Business Skills, Computer Skills, Cont. Imp., Mfg. Skills, Mgmt. Skills, PL-Mfg. Skills	6	8-200	0	\$1,760	\$15.60*
				Weighted Avg: 80			

*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 Numbers 1 & 3 (Veterans): \$16.10 for Sacramento County and \$15.60 for Stanislaus County. Job Number 2(Job Creation):\$13.42 for Sacramento County and \$12.77 for Stanislaus 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 \$3.40 per hour may be used to meet the Post-Retention Wage in Job Number 1 & 3; up to \$1.42 per hour in Job Number 2.

Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
Job Number 1		
Administrative Staff		4
Lift Truck Driver		10
Quality Inspector		5
Machine Operator		38
Maintenance Staff		5
Manager		10
Team Lead		5

Plant Engineer		3
Production Staff		20
Job Number 2 (Job Creation)		
Administrative Staff		1
Lift Truck Driver		1
Machine Operator		2
Maintenance Staff		2
Manager		1
Production Staff		3
Job Number 3 (Veterans)		
Administrative Staff		1
Lift Truck Driver		1
Machine Operator		1
Maintenance Staff		1
Manager		1
Production Staff		1

INTRODUCTION

Founded in 1910 and headquartered in Sacramento, Blue Diamond Growers (Blue Diamond), (www.bluediamond.com) is the world's largest almond processing and marketing company. The Company is a cooperative owned by half of the state's almond growers who produce more than 80% of the world's almond supply. The Company produces snack almonds nut-based crackers, almond milk, and packaged almonds for cooking and baking. The Company's customers include Nestle, Kelloggs, Mars, See's Candies, and retail consumers. The Company has facilities located in Sacramento, Salida and Turlock. All facilities will receive training under this proposal.

In 2013, Blue Diamond opened a 200,000 state-of-the art manufacturing facility in Turlock to create more global products. The Turlock opening was the first of a three-phase project, which will eventually expand the facility to 500,000 square feet over the next 12 years. The Company also launched a plant improvement program to upgrade the Sacramento and Salida facilities with state-of-the art technologies for worldwide distribution. The Company has invested over \$2.5 million on a new pasteurization system and flour grind mill for the Salida facility. The pasteurization system is unique to Blue Diamond's Salida facility (only one other company, located in France, has this new technology). The flour grind mill is the same technology used at the Turlock facility. The new machinery was installed in September 2016.

This will be Blue Diamond's second ETP Agreement within the last five years. Only the Turlock facility participated in the previous Agreement for Job Creation trainees only. Under this proposal, training will focus primarily on the Salida facility staff. Trainees need to learn to operate newly installed machines. To reduce waste and provide a consistent product companywide, trainees at all locations will receive continuous improvement training in 5S, GEMBA Philosophy and High Performance Teams. Training courses conducted at the Turlock facility will not be duplicated for trainees who received training under the previous Agreement.

Retrainee - Job Creation

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.

To meet the needs of customers and support new operations, the Company is expanding their business capacity with the installation of new pasteurization and flour line equipment. As a result of the expansion, the Company is committed to hiring 10 new employees (Job Number 2). The date-of-hire for trainees will be within the three-month period before contract approval or within the term-of-contract. These trainees will be hired into “net new jobs” as a condition of contract.

Veterans Program

The Panel has established a higher reimbursement rate and other incentives for training California veterans. Blue Diamond is committed to hiring six Veterans (Job Number 3) and creating promotional opportunities for all Veteran staff.

Training Plan

Business Skills (5%): Training will be offered to all occupations. Workers will learn to implement changes, conduct meetings, advise, delegate, motivate and advocate for fellow employees. Blue Diamond seeks to develop its personnel to promote internally and foster a productive, positive workplace.

Computer Skills (5%): Training will be offered to all occupations related to job functions. Training will focus on principles and navigation of Production Process Software Systems to increase proficiency in inventory controls, production scheduling, purchasing and measurement functions. Administrative Staff will receive advanced training to develop concise data information dissemination skills and increase front office productivity.

Continuous Improvement (25%): Training will be offered to all occupations, except Administrative Staff. Lean manufacturing will be offered as an initial tool to identify and reduce waste by analyzing processes and measuring current performance against Lean performance. Lean manufacturing subject matter will be provided to all frontline employees.

Management Skills (5%): Training will be delivered to Managers and focus on effective leadership, improving efficiencies, and motivate staff. Training topics include Coaching, Employee Engagement, Performance Objectives and Developing High Performance Teams.

Manufacturing Skills (40%): Training will be offered to all occupations, except Administrative Staff, to enable a clear understanding of food production quality and standards with regard to sanitation processes, temperature controls, sampling during production and handling materials. Training will cover machine operation systems (WonderWare, Allen Bradley HMI, and Factory Talk systems). As a result, employees will be able to effectively operate, troubleshoot and repair equipment.

Productive Laboratory (20%)

Trainees may produce goods for profit as part of the Productive Laboratory (PL) training in the courses identified under the Curriculum. The instructor must be dedicated to training delivery during all hours of training.

Blue Diamond will train 90 Production Staff, Lift Truck Drivers, Quality Inspectors, Machine Operators, Maintenance Staff, Team Leaders and Managers on pasteurization machinery and flour grinding mills. Topics are conducted in the classroom first to introduce trainees to machinery and concepts. Since factory equipment cannot be reproduced in a classroom setting, PL training is necessary to ensure safety and production standards are being met. This training will be at a much slower pace than regular production with significantly higher defects as trainees gain proficiency. A subject matter expert will conduct training. The trainer will first demonstrate how to use the equipment, then supervise trainees using the equipment. The trainer will attest to the trainee's competency once training is completed.

Training will be under constant supervision with a 1:3 trainer-to-trainee ratio. Blue Diamond has requested a 1:3 training ratio because trainees work in groups of 2-3 when assigned to a machine. PL training will be capped at 40 hours per trainee.

High Unemployment Area

Some trainees in work in a High Unemployment Area (HUA), a region with unemployment exceeding the state average by at least 25%. The Company's locations in Stanislaus County qualify for HUA status under these standards. For these trainees, the Panel may modify the ETP Minimum Wage by up to 25% if post-retention wages exceed the start-of-training wages. However, the Company is not requesting a wage modification.

LMS

Blue Diamond will use a Learning Management System which has been reviewed and approved by ETP.

Commitment to Training

ETP funds will not displace the existing financial commitment to training. The Company allocates \$350,000 per facility annually for training and provides mandatory and job-specific training. Safety training is provided in accordance with all pertinent requirements under state and federal law.

➤ Training Infrastructure

Blue Diamond is ready to begin training upon Agreement approval. The Company has qualified trainers in place. The Company's Learning and Development Manager will oversee the ETP Agreement and coordinate with each facility's HR Manager. The HR manager will be responsible for scheduling training. Additional staff will be dedicated data entry. Training will be conducted by in-house trainers. Outside vendors will be identified as needed.

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

The following table summarizes performance by Blue Diamond under an ETP Agreement that was completed within the last five years:

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned \$ %
ET13-0237	Turlock	1/1/13 – 12/31/14	\$235,720	\$217,815 (92%)

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

- Inside Out Coaching
- Leadership Skills
- Team Roles

COMPUTER SKILLS

- Kronos Timekeeping
- Taleo Orientation
- Adage Orientation
- I Maint

CONTINUOUS IMPROVEMENT

- Problem Solving
- Expert Trainer Certification
- Level 1 Training Certification
- 5S
- Quick Changeovers
- GEMBA Philosophy
- Key Performance Indicators
- High Performance Teams

MANAGEMENT SKILLS

- Employee Engagement
- Coaching Skills
- Establishing Performance Objectives
- Developmental Planning
- Dynamic Leadership Skills
- Developing High Performance Teams

MANUFACTURING SKILLS

- Good Manufacturing Practices
- Line Testing
- Machine Sanitation
- Machine Operation
- Wonderware
- Allen Bradley HMI
- Factory Talk
- Machine Maintenance
- Food Safety

Productive Lab Hours

0 - 40

MANUFACTURING SKILLS (Ratio 1:3)

- Good Manufacturing Practices
- Line Testing
- Machine Sanitation
- Machine Operation
- Wonderware
- Allen Bradley HMI
- Factory Talk
- Machine Maintenance
- Food Safety

Safety Training cannot exceed 10% of total training hours per-trainee

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.