



**RETRAINEE - JOB CREATION**

**Training Proposal for:**

**C&D Zodiac, Inc.**

**Agreement Number: ET15-0424**

**Panel Meeting of:** April 24, 2015

**ETP Regional Office:** San Diego

**Analyst:** J. Davey

**PROJECT PROFILE**

Contract Attributes:	Job Creation Initiative Priority Rate Retrainee	Industry Sector(s):	Aerospace and Defense Manufacturing  Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Los Angeles, Orange, San Bernardino	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: 3,600	U.S.: 5,700	Worldwide: 12,800
<u>Turnover Rate:</u>	7%		
<u>Managers/Supervisors:</u> (% of total trainees)	5%		

**FUNDING DETAIL**

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	<b>Total ETP Funding</b>
\$424,740		\$118,680 30%	\$0		\$306,060

In-Kind Contribution:	100% of Total ETP Funding Required	\$442,438
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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, PL-Mfg Skills	430	8-200	0	*\$642	\$15.07
				Weighted Avg: 51			
2	Retrainee Job Creation Initiative Priority Rate	Business Skills, Computer Skills, Cont. Imp., HazMat, Mfg. Skills, PL-Mfg Skills	30	8-200	0	\$1,000	**\$12.33
				Weighted Avg: 50			

\*Reflects Substantial Contribution

\*\*It will be a condition of contract that trainees in this Job Number will never be paid less than the statewide minimum wage in effect at the end of retention (Final Payment) regardless of the wage expressed in this table.

**Minimum Wage by County:** Job Number 1: \$16.02 in Orange County; \$15.97 in Los Angeles County; and \$15.07 in San Bernardino County. Job Number 2 (Job Creation): \$13.35 in Orange County; \$13.31 in Los Angeles County; and \$12.33 in San Bernardino 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 \$3.60 per hour may be used to meet the Post-Retention Wage for Job Numbers 1 & 2.

### Wage Range by Occupation

Occupation Titles	Wage Range	Estimated # of Trainees
<b>Job Number 1</b>		
Administrative Staff		30
Engineers		95
Lead		35
Manager/Supervisor		20
Production Worker		190
Technical Support Staff		60
<b>Job Number 2</b>		
Administrative Staff		5
Engineers		5
Lead		3
Manager/Supervisor		2
Production Worker		10
Technical Support Staff		5

## **INTRODUCTION**

C&D Zodiac, Inc. (C&D Zodiac) designs and manufactures aircraft interior components, such as seats, overhead bins, cabinets, galleys, lighting, stairways and doors. Established in 1972 as an aircraft holding-tank company, C&D Zodiac evolved into a major manufacturer for commercial and private aircraft companies such as Boeing, Airbus, and Bombardier. C&D Zodiac's U.S. corporate headquarters are located in Huntington Beach.

C&D Zodiac reports that demand for its products continues to grow. Airlines compete for First and Business Class travelers. Airline companies strive to create repeat customers who are attracted to their product and services. As a result, airlines try to improve the quality of the traveling experience often. Since airlines derive most of their revenue from First and Business Class travelers, the industry is making a major shift in cabin configurations. First and Business Class is being converted to Business First Class. These sections are refurbished every five years and C&D Zodiac is an integral part to this process. These changes have created new design and manufacturing opportunities for the Company.

C&D Zodiac manufactures its own high quality, lightweight composite materials, which give them an edge over competitors. From these base materials, the Company produces the composite constructions (fiberglass, Kevlar and graphite) that are combined with various plastic resins to meet the Federal Aviation Administration's (FAA) interior cabin flammability requirements. Each aircraft manufacturer or airline has unique aesthetic requirements in addition to FAA and safety requirements. Due to the complex nature of the manufacturing process and business competitiveness, the Company employees need to learn new manufacturing techniques and ways to reduce costs, improve product quality and improve on-time delivery.

To remain competitive, C&D Zodiac employees need training on new manufacturing techniques, ways to reduce costs, improve product quality and on-time delivery.

## **PROJECT DETAILS**

This is C&D Zodiac's third ETP project. Although most of the types of training under the new proposal were also included in its active and prior projects, many of the skills were either not delivered or will be delivered to a new trainee population. In addition, many of the Manufacturing Skills in the new proposal are for employees in continually changing composite plastic and injection molding manufacturing techniques, required by airlines who have purchased new aircraft and are refurbishing existing ones. Cross-functional skills will also be delivered as new trainees are hired. In addition, newly hired Job Number 2 trainees will receive new skills training that were delivered in the previous project.

### **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.

C&D Zodiac has committed to hiring 30 new employees (Job Number 2). The date-of-hire for all trainees in the Job Creation program 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. Substantial Contribution requirement is waived for Job Creation (Job Number 2).

Although the Company does not plan to upgrade or improve the existing facilities or equipment during the term of this contract, it is reconfiguring existing facilities to meet the requirements of the new product lines. The 30 new employees will be hired to meet the demand for Business First and First Class cabin changes from Zodiac's customers to support the expansion of current job functions.

## Training Plan

Training will take place at C&D Zodiac's facilities in Los Angeles County (La Palma), Orange County (Huntington Beach, Garden Grove, Cypress); and San Bernardino County (Ontario (two locations) and Rancho Cucamonga).

**Business Skills (10%):** Training will be offered to Administrative Staff, Leads and Managers/Supervisors in Communication Skills, Customer Service & Sales Skills, Goal Setting, Performance Management, Project Management and Product & Service Knowledge. Training will help workers to resolve customer problems quickly. With product knowledge, trainees will be able to identify problems and accurately meet customer needs. This will result in improved customer satisfaction and improved delivery times.

**Computer Skills (20%):** Training will be offered to Leads and Managers/Supervisors in 3D PDF Viewer software, Advanced CAD, Computerized Reports, Engineering Software, Hardware & Software Systems Tools, MS Office (intermediate and advanced), Royal 4-to-M3 MRP Conversion and other related applications. The Company is upgrading to the M3 MRP system. This will allow the Company to design and manufacture new customized products and services. As business expands, Zodiac will be able to design and manufacture products more efficiently.

**Manufacturing Skills (50%):** Training will be offered to Production Workers in Assembly Procedures & Methods, Component Manufacturing, Cross-Functional Skills, Inspection Procedures, Lot Traceability, Manufacturing Operating Procedures, Plastic Thermoforming, Injection Molding and other related skills. New manufacturing procedures are being implemented to improve production processes, reduce waste and improve product quality. Training will help the Company improve its Production Staff's technical knowledge.

**Continuous Improvement (10%):** Training will be offered to all occupations including Auditor Procedures, Boeing & Airbus Inspection Procedures, Best Manufacturing Processes, Lean Manufacturing and Team Building. The Company has determined that continuous improvement is critical to its success. C&D Zodiac will create teams to identify ways to improve product quality and identify waste in the production process. As training progresses, it is expected that Lean Manufacturing and its related components will lead to further ways to reduce costs, improve efficiency, and increase productivity.

**Hazardous Materials (5%):** Training will be offered in Hazardous Materials & Waste, HAZMAT Requirements, Emergency Response Team Training, and HAZMAT Skills. Workers use chemicals to formulate materials that create the products. Workers need to learn how to combine chemicals correctly and what to do when there is a hazardous chemical spill.

1. Hazardous Materials (HAZMAT). This training is also a series of courses, specific to industry sectors involved in the transport of hazardous materials. The coursework varies in length depending on the industry and the occupational title, as organized in five levels ranging from "first responder" to "incident commander." It is generally a minimum of 24 hours with an 8-hour annual refresher, and may be delivered by classroom or CBT. In this proposal, 75 Leads, Managers/Supervisors, Production Workers and Technical Support Staff will receive approximately 10 hours of training per trainee. Field training may be required, although not funded by ETP. Completion of the training results in a certificate that expands employment opportunities. This coursework is not under Cal-OSHA, but is administered under the Department of Transportation and

CalTRANS. There are various certification entities for the coursework and instructors. In this proposal, certification is by To Be Determined.

**PL-Manufacturing Skills (5%):** Training will be offered to Production Workers in hand-on instruction in Assembly Procedures & Methods, Component Manufacturing, Cross-Functional Skills, Inspection Procedures, Lot Traceability, Manufacturing Operating Procedures, Plastic Thermoforming, Injection Molding and other related skills. New manufacturing procedures are being implemented that will improve production processes, reduce waste, and improve product quality.

Training will be delivered in a Productive Laboratory (PL) setting. 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.

C&D Zodiac states that classroom instruction is not an adequate means of training delivery because trainees must learn how to operate proprietary equipment that requires hands-on experience. The equipment is too large to bring into a classroom. Trainees who are proficient on one type of equipment will be cross-trained on new equipment. New hires will also be trained on this equipment. Trainers will commit 100% of their time to the trainees during PL training sessions.

During PL training sessions, workers will be trained on equipment operating procedures. The instructor will certify that the trainee is competent to operate the equipment on his own. Only Production Workers will receive up to 30 hours of PL training.

### **PL Trainer-to-Trainee Waiver Request**

C&D Zodiac is requesting a waiver to the standard 1:1 trainer-to-trainee ratio for Productive Lab training. Due to the complexity and high cost of equipment, materials and trainers time, C&D Zodiac is requesting a 1:3 ratio. The Company does not have enough trainers to deliver training one-on-one. Delivering training at a lesser ratio would be cost prohibitive.

### **Temporary to Permanent Hiring**

Ten trainees in Job Number 2 (Job Creation) come under Panel guidelines for "temporary to permanent" employment. C&D Zodiac will retain 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. (Unemployment Insurance Code Section 10201(c).) However, the retention and post-retention wage requirements cannot be satisfied until after C&D Zodiac has hired them. Until then, the Company will not receive progress payments.

### **Commitment to Training**

C&D Zodiac spends a total of \$310,000 per year for training its California workers. Currently the Company provides OSHA-mandated safety regulation training, sexual harassment prevention, new hire orientation, basic computer skills training, basic commercial skills, and manufacturing skills. Safety training is provided in accordance with all pertinent requirements under state and federal law. C&D Zodiac represents that ETP funds will not displace the existing financial commitment to training.

➤ Training Infrastructure

The Company has a dedicated in-house training staff and administrators at each location. The Company has also hired an administrative subcontractor. Since this is their fourth ETP Agreement, C&D Zodiac has experience administering ETP training projects.

### **Substantial Contribution**

C&D Zodiac is a repeat contractor with payment earned in excess of \$250,000 at the seven facilities within the past five years. (See Prior Project Table.) Accordingly, reimbursement for trainees at the seven facilities in Job Number 1 will be reduced by 30% to reflect the Company's \$118,680 Substantial Contribution to the cost of training.

### **RECOMMENDATION**

Staff recommends approval of this proposal.

### **ACTIVE PROJECTS**

The following table summarizes performance by C&D Zodiac under an active ETP Agreement:

Agreement No.	Approved Amount	Term	No. Trainees (Estimated)	No. Expected to Complete Training	No. Expected to be Retained
ET13-0236	\$447,750	1/1/13 – 12/31/14	420	481	481

ETP's online tracking system shows 26,435 eligible training hours for \$447,750 (100%) in eligible earnings if all requirements are met. C&D Zodiac submitted the final (closeout) invoice on 2/16/15: 481 retentions (434 Job 1 trainees and 47 Job 2, Job Creation trainees). The final closeout invoice is currently being processed by ETP.

### **PRIOR PROJECTS**

The following table summarizes performance by C&D Zodiac under ETP Agreements that were completed within the last five years:

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned	
				\$	%
ET11-0199	Huntington Beach	4/11/11 – 4/10/13	\$255,150	\$86,776	(34%)
ET10-0230	Huntington Beach	9/28/09 – 9/27/11	\$246,960	\$246,960	(100%)

ET11-0199 – C&D Zodiac's second ETP project was Job Creation training for newly hired retrainees. Zodiac hired and trained more than 400 new employees. Despite providing more than 15,000 hours of training, very few of these trainees received the minimum 24 hours for full reimbursement because there were internal difficulties having trainees and trainers complete and sign class/lab rosters correctly. These difficulties were caused by confusion with some of the Company's own internal forms that differ from ETP rosters.

ET10-0230 – C&D Zodiac successfully trained and placed 250 trainees. This was the first time the Company had conducted significant training in a planned, organized way to a large employee population.

**DEVELOPMENT SERVICES**

National Training Company in Irvine assisted with development of this proposal for no charge.

**ADMINISTRATIVE SERVICES**

National Training Company 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:

**CONTINUOUS IMPROVEMENT**

- Auditor Procedures
- Boeing and Airbus Inspection Procedures
- Best Manufacturing Practices
- C&D Quality Systems
- Root Cause Analysis
- 5S (Sort, Set in Order, Shine, Standardize, Sustain)
- Standard Work Instructions
- Team Building
- Team Problem Solving

**COMPUTER SKILLS**

- 3D PDF Viewer
- Advanced Computer-Aided Design
- Computerized Reports
- Engineering Software Applications
- Hardware and Software Systems Tools
- Manufacturing Resource Planning Software
- MS Office (Intermediate and Advanced)
- Royal 4 to M3 Software Conversion
- Web-Based Computer Applications

**MANUFACTURING SKILLS**

- Assembly Procedures and Methods
- Component Fabrication
- Creating Workflows
- Cross-Functional Skills
- Design Standards and Processes
- Engineering & Design Procedures
- Forklift Procedures
- Inspection Procedures
- Lean Manufacturing
- Lot Traceability
- Manufacturing Operating Procedures
- Plastic Thermoforming
- Plastic Injection Molding
- Reading Technical Specifications
- Resolving Production Problems
- Standard Operating Procedures

**BUSINESS SKILLS**

- Communication Skills
- Customer Service and Sales Skills
- Goal Setting
- Performance Management Skills
- Project Management
- Product and Service Knowledge

**HAZARDOUS MATERIALS**

- Hazardous Materials
- Hazardous Waste
- Emergency Response Team Training
- HAZMAT Training

**PL Hours**

0 – 30

**MANUFACTURING SKILLS (Ratio 1:3)**

- Component Fabrication Equipment
- Component Forming Equipment
- Plastic Thermoforming Equipment
- Plastic Injection Molding Equipment
- Production Assembly and Repair Equipment

Safety Training cannot exceed 10% of total training hours per-trainee. This cap does not apply to HazMat.

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery. PL is capped at 30 hours per-trainee.