



RETRAINEE - JOB CREATION

Training Proposal for:

C.R. England, Inc.

Agreement Number: ET17-0188

Panel Meeting of: August 26, 2016

ETP Regional Office: North Hollywood

Analyst: M. Reeves

PROJECT PROFILE

Contract Attributes:	Retrainee SET Job Creation Initiative Veterans Priority Rate	Industry Sector(s):	Transportation/Logistics Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	San Bernardino	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: 1,850	U.S.: 8,200	Worldwide: 8,200
<u>Turnover Rate:</u>	18%		
<u>Managers/Supervisors:</u> (% of total trainees)	N/A		

FUNDING DETAIL

<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">Program Costs</td></tr> <tr><td style="text-align: center;">\$406,200</td></tr> </table>	Program Costs	\$406,200	-	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">(Substantial Contribution)</td> <td style="text-align: center;">(High Earner Reduction)</td> </tr> <tr> <td style="text-align: center;">\$0</td> <td style="text-align: center;">\$0</td> </tr> </table>	(Substantial Contribution)	(High Earner Reduction)	\$0	\$0	=	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">Total ETP Funding</td></tr> <tr><td style="text-align: center;">\$406,200</td></tr> </table>	Total ETP Funding	\$406,200
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In-Kind Contribution:	100% of Total ETP Funding Required	\$752,000
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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 SET Priority Rate	Commercial Skills, PL - Comm'l Skills	200	8-200	0-100	\$792	\$21.28
				Weighted Avg: 44			
2	Retrainee SET Job Creation Initiative Priority Rate	Commercial Skills, PL - Comm'l Skills	155	8-200	0-100	\$1,400	*\$13.00
				Weighted Avg: 70			
3	Retrainee SET Job Creation Initiative Veterans Priority Rate	Commercial Skills, PL - Comm'l Skills	20	8-200	0-100	\$1,540	*\$13.00
				Weighted Avg: 70			

*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 (Final Payment) regardless of the wage expressed in this table. The highest minimum wage rate will prevail.

Minimum Wage by County: Job Number 1 (SET/Priority Industry): \$21.28 per hour Job Numbers 2 and 3 (Job Creation): \$12.77 per hour for 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 \$2.28 per hour may be used to meet the Post-Retention Wage for Job Number 1.

Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
Job Number 1		
Driver		175
Frontline Driver Manager		25
Job Numbers 2 and 3 (Job Creation)		
Driver		160
Frontline Driver Manager		15

INTRODUCTION

C.R. England, Inc. (CRE) (www.crengland.com) is a family-owned trucking company that specializes in temperature-controlled transportation services. CRE was founded in 1920 and is headquartered in Salt Lake City, Utah. CRE's range of customers includes clients in the food, pharmaceutical, and LTL (Less-Than-Truckload) line haul industries. CRE serves the needs of

its customers through five service dimensions: National, Mexico, Regional, Dedicated (tailor-made services dedicating trucks and drivers to specific customer needs) and Intermodal (expedited priority rail service using TempStack refrigerated containers). CRE is a 2015 recipient of the Environmental Protection Agency's Smartway Freight Carrier Excellence Award as an industry leader in freight supply chain environmental performance and energy efficiency.

This project will utilize Special Employment Training (SET) funds for the retraining of frontline workers. The proposed training will take place at the Company's California facilities in Colton and Fontana.

Reportedly, the trucking industry is the driving force behind the movement of nearly 70% of the freight shipped in the United States, with industry experts expecting the number of carrier truckloads to increase in 2016. This increase in demand comes at a time when the industry is facing a nationwide driver shortage. Consequently, CRE is experiencing a shortage of qualified drivers and must improve its recruitment and retention of drivers through extensive, high-quality training.

PROJECT DETAILS

CRE's training is designed to enable drivers to excel at their jobs, as well as take advantage of the opportunity to transition into office positions or become Driver Managers. CRE also provides Drivers with the opportunity to become part of the Company's learning and development team as trainers in National, Regional or Dedicated divisions.

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.

CRE is currently ramping up its hiring in response to business demands and the ongoing shortage of skilled drivers. The Company has already hired approximately 250 new drivers in 2016. In this proposal, CRE has committed to hiring an additional 175 employees to support the Company's effort to increase its driver workforce and expand its business capacity. One example of expansion involves CRE's plan to add a fuel island at the Fontana facility. The Company is currently undergoing the approval process with the City of Fontana, and this facility upgrade alone is expected to create 10 new jobs, with a capital expenditure of approximately \$5 million.

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.

Veterans Program

CRE conservatively plans to hire 20 Veterans (Job Number 3) who have served on active full-time duty in the Armed Forces. The Panel has established a higher reimbursement rate and other incentives for training California veterans, as will be reflected in the contract.

Training Plan

Training will allow CRE to upgrade the skills of its existing workforce and equip new employees with the skills to provide safe, reliable transportation services. All training will be in Commercial Skills. The majority of training will be Productive Lab. Training will be supplemented with

computer-based training (CBT) to enhance Driver skills acquired behind the wheel. CBT will be capped at 50% of total training hours per trainee. Training will be delivered by experienced CRE drivers and other members of the Company's Learning and Development team.

Commercial Skills (100%) – In addition to Productive Lab (PL) and CBT training, workers will be given the opportunity to become driver trainers through CRE's Train-the-Trainer program. This program is comprised of classroom training for drivers who successfully complete the Phase 1 and Phase 2 Productive Lab training modules and wish to become instructors for these courses.

Productive Laboratory

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

CRE's drivers must undergo 160-180 hours of extensive and specialized PL training (Phase 1 and Phase 2), delivered at a significant expense, to ensure compliance with the Company's driving and safety standards. Although these Drivers will have already completed driving school and received all relevant certification prior to employment, CRE's goal is to have the highest skilled drivers on the road. CRE is seeking ETP funding for up to 60 hours of PL training per trainee. This company-specific training will allow Drivers to gain essential experience in a supportive environment under the guidance of skilled instructors.

Drivers will receive training on various models of trucks within CRE's fleet of transportation vehicles. The trainer-to-trainee ratio will be 1:1, and training will be capped at 60 hours per trainee.

Frontline Workers

Driver Managers actively manage teams and resources, provide training, and spend more than 50% of their time performing frontline work. These individuals may function in a supervisory or lead capacity; however, they do not hire, fire, or make company policy. Based on the nature and scope of their job duties, these trainees meet the Panel's definition of frontline workers. As frontline workers, these trainees qualify for Special Employment Training (SET) funding.

SET/Wage Modification

Under SET, employers are not required to demonstrate out-of-state competition. To qualify, trainees must be earning at least the statewide average hourly wage at the end of the retention period. However, trainees employed in a Priority Industry qualify for a wage modification up to 25% below the statewide average hourly wage. CRE is requesting the wage modification of \$21.28 per hour for trainees in Job Number 1.

Electronic Recordkeeping

ETP staff has reviewed and approved the use of a Learning Management System for recordkeeping.

Commitment to Training

The Company spends approximately \$75,000 annually on training in California. Company-funded training has consisted of regulatory training mandated by state and federal agencies, extensive on-the-job training, business etiquette, cost accounting and leadership skills. Safety

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

➤ Training Infrastructure

CRE has a dedicated Learning and Development team of three professionals to oversee the scheduling of training, documentation and system tracking. Personnel from additional departments, including Tax and Human Resources, will provide oversight and coordination during the contract term. The Company has established a structured training plan to help ensure success.

RECOMMENDATION

Staff recommends approval of this proposal.

DEVELOPMENT SERVICES

Deloitte Tax LLP in San Francisco assisted with development for a flat fee of \$40,000.

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:

COMMERCIAL SKILLS

+ Train-the-Trainer (Driver Training)

- Theory of Training/How Adults Learn
- Training Methods and Styles
- Developing Effective Communication
- Dealing with Challenging Situations

Productive Lab

0 - 60

COMMERCIAL SKILLS (Ratio 1:1)

+ Phase 1 Training

- Turning
- Railway Crossing and Intersections
- City and Highway Traffic
- Backing up the Tractor-Trailer
- Couple and Uncouple the Tractor-Trailer
- Equipment Inspection and Maintenance
- Brake Inspection and Testing
- Navigating Roads
- Weather Conditions
- Safety Concepts

+ Phase 2 Training

- Advanced Training on Specialized Skills including Backing, Maneuvers, Turns, Safety Concepts, Navigating Roads and Expressways

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

CBT Hours

0 – 100

COMMERCIAL SKILLS

- Aerial Lifts in Industrial and Construction Environments (1 hour)
- Back Safety: Keep Your Back in Action (1 hour)
- Backing: Tractor-Trailers (.75 hour)
- Basic Controls Retraining (.75 hour)
- Basic Controls Retraining (Upgrade Instructor) (.5 hour)
- Business Coaching: Conducting Coaching Sessions (1 hour)
- Business Coaching: Using Different Coaching Styles (1 hour)
- Business Writing: How to Write Clearly and Concisely (1 hour)
- Compressed Gas Cylinders (1 hour)
- Confined Spaces: Dangerous Places (1 hour)
- Crane Safety (1 hour)
- Cranes, Derricks, Hoists, Elevators, and Conveyors for Construction (1 hour)
- Creating and Maintaining a Positive Work Environment (1 hour)

- Customer Service Confrontation and Conflict (1 hour)
- Customer Service Fundamentals: Building Rapport in Customer Relationships (1 hour)
- Dealing with Difficult Situations (.75 hour)
- Dealing with Hazardous Spills (1 hour)
- Decision Making: The Fundamentals (1 hour)
- Defensive Driving: Light Vehicles (.75 hour)
- Distracted! Driving (.75 hour)
- Driving Safety (.75 hour)
- Effective Communication for Employees (1 hour)
- Effective Communication for Supervisors (1 hour)
- Electrical Safety: Know Your Ground (.75 hour)
- Emergency Planning (.75 hour)
- Export Controls Essentials (.75 hour)
- EYE ON Defensive Driving (1 hour)
- EYE ON Speed & Space Management (.75 hour)
- Fire Prevention & Response (.75 hour)
- First Steps for Turning Around a Performance Problem (1 hour)
- First Time Manager: Understanding a Manager's Role (1 hour)
- Flatbed Cargo Securement (1 hour)
- Flex TTT (Train-the-Trainer) (2 hours)
- Flex TTT + Upgrade (Train-the-Trainer) (1 hour)
- Forklift Operator Safety Training (1 hour)
- Forklift Safety for Construction (1 hour)
- Forklift Workshop for Construction: Operator Safety Training (1 hour)
- Forklifts: Ultimate Hazard Perception Challenge - Advanced Safety Awareness (.5 hour)
- Forklifts: Ultimate Hazard Perception Challenge: Basic Safety Awareness (.5 hour)
- Forklifts: Ultimate Hazard Perception Challenge: Intermediate Safety Awareness (.5 hour)
- Hand & Power Tools: Construction (.75 hour)
- Hand and Power Tool Safety (.75 hour)
- Handling Compressed Gas Cylinders in the Laboratory (.75 hour)
- Handling Hazardous Materials (.75 hour)
- Hazardous Materials Labels (.75 hour)
- HAZMAT In-Depth Security Training (.75 hour)
- Hazmat Security Awareness (1 hour)
- Hazmat Transportation: Driver Training (1 hour)
- Injury Prevention for Drivers (.75 hour)
- Internal Controls Essentials (.75 hour)
- Interpersonal Communication: Communicating with Confidence (1 hour)
- Interpersonal Communication: Listening Essentials (1 hour)
- Leadership Essentials: Building Your Influence as a Leader (1 hour)
- Leadership Essentials: Motivating Employees (1 hour)
- Leading Teams: Building Trust and Commitment (1 hour)
- Leading Teams: Developing the Team and its Culture (1 hour)
- Leading Teams: Establishing Goals, Roles, and Guidelines (1 hour)
- Leading Teams: Managing Virtual Teams (1 hour)
- Lockout/Tagout: Put a Lock on Hazardous Energy (1 hour)

- Machine Guard Safety (1 hour)
- Maintaining a Cooperative Workforce (.75 hour)
- Maintaining an Engaging Organization (1 hour)
- Maintenance (.5 hour)
- Managing Workforce Generations: Working with a Multigenerational Team (1 hour)
- Master Driver: Accident Procedures (.75 hour)
- Master Driver: Air Brakes (.75 hour)
- Master Driver: City Driving (.75 hour)
- Master Driver: Coupling & Uncoupling (.75 hour)
- Master Driver: Driving Techniques (.75 hour)
- Master Driver: Emergency Maneuvers (.75 hour)
- Master Driver: Extreme Weather Driving (.75 hour)
- Master Driver: Fixed Object Collisions (.75 hour)
- Master Driver: Night Driving (.75 hour)
- Master Driver: Pattern Driving (.75 hour)
- Master Driver: Rear End Collisions (.75 hour)
- Master Driver: Rural Driving (.75 hour)
- Materials Handling Safety (.75 hour)
- Materials Handling, Storage, Use and Disposal (.75 hour)
- Motorcoach: Defensive Driving (.75 hour)
- Motorcoach: Vehicle Inspections (1 hour)
- Motorized Pallet Jacks: Safe Operation (.5 hour)
- Order Entry: Booking a Load (.75 hour)
- Personal Protective Equipment: Employee Essentials (1.5 hours)
- Problem Solving: The Fundamentals (1 hour)
- Professional truck driver (10 hours)
- Project Management Fundamentals (1 hour)
- Pulling Doubles (1 hour)
- Respiratory Protection: Breathing Safely (1 hour)
- Respiratory Protection: PPE Workplace Safety (.5 hour)
- Rigging Safety (1 hour)
- Right Turns-Left Turns-Intersections (.5 hour)
- Safe Driving (.5 hour)
- Safety Audits (.75 hour)
- Safety Housekeeping and Accident Prevention (.75 hour)
- Safety Showers and Eye Washes (.75 hour)
- Safety Showers and Eye Washes in the Laboratory (.75 hour)
- Sales Ethics (.5 hour)
- School Instructor Training (1.5 hours)
- Section 11 - Pre-trip Vehicle Inspection Test (.5 hour)
- Section 6 - Combination Vehicles (.75 hour)
- Team Building for Employees (1 hour)
- Team Building for Supervisors (1 hour)
- TTT Refresher (Train-the-Trainer) (1.25 hours)
- Using Feedback to Improve Team Performance (1 hour)
- Welding Safety (.75 hour)
- Winter Safety (.75 hour)

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery. CBT is capped at 50% of total training hours, per trainee. PL is capped at 60 hours per-trainee.