

DELEGATION ORDER



**Retrainee - Job Creation
Training Proposal for:
Calpipe Industries, Inc.**

Agreement Number: ET16-0322

Approval Date: December 23, 2015

ETP Regional Office: North Hollywood

Analyst: M. Paccereilli

PROJECT PROFILE

Contract Attributes:	Retrainee Priority Rate Job Creation Initiative HUA	Industry Sector(s):	Manufacturing Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Ventura, 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: 110	U.S.: 150	Worldwide: 150
<u>Turnover Rate:</u>	0%		
<u>Managers/Supervisors:</u> (% of total trainees)	20%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	Total ETP Funding
\$99,900		\$0	\$0		\$99,900

In-Kind Contribution:	100% of Total ETP Funding Required	\$82,500
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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 HUA	Business Skills, Computer Skills, Mfg. Skills, Cont. Imp., HazMat, Mgmt. Skills, Literacy Skills, PL-Mfg. Skills	101	8-200	0	\$900	*\$11.30
				Weighted Avg: 50			
2	Retrainee Priority Rate Job Creation Initiative HUA	Business Skills, Computer Skills, Mfg. Skills, Cont. Imp., HazMat, Mgmt. Skills, Literacy Skills, PL-Mfg. Skills	9	8-200	0	\$1,000	*\$9.25
				Weighted Avg: 50			

*It will be made a condition of contract that the trainees in this Job Number will never be paid less than the State of 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: \$11.30 in Ventura County and \$11.98 in Los Angeles County; Job Number 2 (Job Creation): \$9.25 in Ventura County and \$9.98 in 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

Up to \$0.80 per hour may be used to meet the Post-Retention Wage in Job Number 1.

Job 1 & 2 Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
Production Staff		74 3
Administration/Support Staff		22
Supervisor		8
Manager		3

INTRODUCTION

Founded in 1995, Calpipe Industries, Inc. (Calpipe) (www.calpipe.com) is a manufacturer of conduit products for corrosive environments and bollards for security applications. Calpipe has three manufacturing plants and distribution facilities in the United States which manufactures and distributes four different product lines – Calconduit, Calbollands, Calbond and Calbrite.

The Calconduit, Calbollards and Calbond product lines are manufactured at its California facilities in Santa Paula and Rancho Dominguez. These facilities manufacture a complete line of PVC coated conduit, fittings and accessories for the protection of electrical products used in highly corrosive environments. Its Quality Assurance Program fully complies with the industry standards established by UL and NEMA, ensuring that all products are engineered and designed to withstand the most demanding and corrosive environments. The Company also manufactures a large selection of bollards, which meets the aesthetic and functional requirements for a wide range of security, architectural, and landscaping installations. Both California facilities will be participating in the proposed training plan.

PROJECT DETAILS

This will be Calpipe's first ETP Agreement. To remain competitive, the Company must retrain its workers to enhance skills, increase profitability and customer satisfaction. Calpipe's main competitors are based outside California, which holds a large market share of the industry. To properly manage the high cost of manufacturing and compete with out-of-state companies, Calpipe must increase efficiency and improve employee skills throughout the Company. Otherwise, the cost of manufacturing and lack of workers' skills may lead to production being diverted to out-of-state manufacturing companies.

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 expand its manufacturing capabilities and increase its market share, Calpipe is in the process of adding a new 44,000 sq. ft. manufacturing facility in Santa Paula which will be operational in early 2016. To operate this facility, the Company has committed to hiring nine new employees. 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.

Training Plan

Manufacturing Skills (50%): Training will be offered to Production Staff, Managers and Supervisors in good manufacturing practices and equipment operations to improve cost and product quality.

Business Skills (5%): Training will be offered to all occupations and will cover a wide range of customer solutions and other strategic skills increase customer satisfaction and improve communication within the Company.

Computer Skills (5%): Training will be offered to all occupations on how to utilize the full capabilities of its MRP/ERP system, which will improve its production turnaround time and inventory.

Continuous Improvement (25%): Training be offered to all occupations and focus on Lean skills, problem-solving, team building, quality assurance, and process improvement. The goal is to create a more efficient business environment, improve quality and delivery times, and reduce waste.

Management Skills (5%): Training in advanced leadership skills will be offered to Managers and Supervisors. This training will focus on coaching and mentoring based on the individuals' abilities and skills.

Hazardous Materials (5%): Training will be provided to Production Staff on safe handling of hazardous materials.

Literacy Skills (5%): Training will be offered to Production Staff to improve their technical proficiency and upgrade their workplace English skills to help them work more independently.

Productive Laboratory

The Panel reimburses for training delivered in a Productive Laboratory (PL) setting. PL trainees may produce goods for profit as part of the training in the courses identified under the Curriculum.

Training in Calpipe's production processes and equipment operation are too costly to replicate in a simulated setting. PL in Manufacturing Skills will be offered to 30 Production Staff with a trainer-to-trainee ratio of 1:1. Each trainee will receive up to 20 PL hours for incumbent trainees during cross-training and up to 40 PL hours for newly-hired employees. The trainers are in-house subject matter experts who are exclusively dedicated to instruction for the entire reported training time.

High Unemployment Area

All trainees work in a High Unemployment Area (HUA), with unemployment exceeding the state average by at least 25%. The Panel may modify the ETP Minimum Wage by up to 25% if post retention wages exceed the start of training wages. The Company's locations in Santa Paula (Ventura County) and Rancho Dominguez/Compton (Los Angeles County) qualify for HUA status under these standards.

➤ Wage Modification

Calpipe is asking for a wage modification for trainees in Job Number 1 from \$15.07 to \$11.30 in Ventura County and \$15.97 to \$11.98 in Los Angeles County; and Job Number 2 (Job Creation) from \$12.33 to \$9.25 in Ventura County and \$13.31 to \$9.98 in Los Angeles County

Commitment to Training

Calpipe's current annual training budget is approximately \$20,000 for its California facilities. Training covers OSHA-mandated training, new hire orientation, and on-the-job training for specific skills. The Company 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.

RECOMMENDATION

Staff recommends approval of this proposal.

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

- + Customer Solutions
- + Communication Skills
- + Sales/Marketing
- + Conflict Resolution
- + Decision Making
- + Problem Solving

COMPUTER SKILLS

- + MRP/ERP
- + Project Management Software
- + Software Applications

CONTINUOUS IMPROVEMENT

- + Lean
- + Kaizen
- + Six Sigma
- + 5S
- + Process Improvement
- + Project Management
- + Quality Assurance
- + Team Building

HAZARDOUS MATERIALS

- + Hazardous Materials Handling

MANAGEMENT SKILLS (Managers/Supervisors Only)

- + Supervisory Skills
- + Leadership Skills
- + Coaching & Mentoring

MANUFACTURING SKILLS

- + Good Manufacturing Practices
- + Production Processes
- + Machine/Equipment Operation

LITERACY SKILLS

- + Vocational English as a Second Language

Literacy Training cannot exceed 45% of total training hours per-trainee
Safety Training cannot exceed 10% of total training hours per-trainee

PL Hours

0 - 40

MANUFACTURING SKILLS (Ratio 1:1)

-  Good Manufacturing Practices
-  Machine/Equipment Operation

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.