



RETRAINEE - JOB CREATION

Training Proposal for:

Coca-Cola Refreshments USA, Inc.

Agreement Number: ET16-0338

Panel Meeting of: January 22, 2016

ETP Regional Office: North Hollywood

Analyst: M. Reeves

PROJECT PROFILE

| | | | |
|---|---|---------------------|---|
| Contract Attributes: | Retrainee Job Creation Initiative Priority Rate | Industry Sector(s): | Manufacturing Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| Counties Served: | Los Angeles | Repeat Contractor: | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| Union(s): | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Teamsters Local Union No. 896 | | |
| Number of Employees in: | CA: 9,050 | U.S.: 72,285 | Worldwide: 143,225 |
| <u>Turnover Rate:</u> | 14% | | |
| <u>Managers/Supervisors:</u> (% of total trainees) | 10% | | |

FUNDING DETAIL

| | | | | | |
|---------------|---|----------------------------|-------------------------|---|--------------------------|
| Program Costs | - | (Substantial Contribution) | (High Earner Reduction) | = | Total ETP Funding |
| \$491,400 | | \$129,870 30% | \$0 | | \$361,530 |

| | | |
|-----------------------|------------------------------------|-----------|
| In-Kind Contribution: | 100% of Total ETP Funding Required | \$532,756 |
|-----------------------|------------------------------------|-----------|

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, Continuous Imp., Literacy Skills, Mgmt. Skills, Mfg. Skills, PL - Mfg. Skills | 370 | 8-200 | 0 | \$819 * | \$17.00 |
| | | | | Weighted Avg: 65 | | | |
| 2 | Retrainee Job Creation Initiative Priority Rate | Business Skills, Computer Skills, Continuous Imp., Literacy Skills, Mgmt. Skills, Mfg. Skills, PL - Mfg. Skills | 45 | 8-200 | 0 | \$1,300 | \$15.85 |
| | | | | Weighted Avg: 65 | | | |

* Reflects Substantial Contribution

Minimum Wage by County: Job Number 1: \$16.48 per hour for Los Angeles County.Job Number 2 (Job Creation): \$13.73 per hour 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

Although employer provides health benefits, they are not being used to meet the Post-Retention Wage.

Wage Range by Occupation

| Occupation Titles | Wage Range | Estimated # of Trainees |
|-------------------------------------|------------|-------------------------|
| Job Number 1 | | |
| Sales/Marketing Staff | | 35 |
| Administration/Accounting Staff | | 50 |
| Production/Shipping/Receiving Staff | | 225 |
| Manager/Supervisor | | 35 |
| Manufacturing Support Staff | | 25 |
| Job Number 2 (Job Creation) | | |
| Administration/Accounting Staff | | 5 |
| Production/Shipping/Receiving Staff | | 30 |
| Manager/Supervisor | | 5 |
| Manufacturing Support Staff | | 5 |

INTRODUCTION

Founded in 1886, Coca-Cola Refreshments USA, Inc. (Coca-Cola) (www.coca-cola.com) is a producer and distributor of nonalcoholic beverages. In addition to its traditional carbonated soft drinks, Coca-Cola's product line also includes juices, still and sparkling waters, isotonics, and teas. The Company qualifies for standard retraining under the out-of-state competition provisions as a manufacturer and is eligible for priority industry reimbursement.

Coca-Cola has multiple locations in California; however, for this proposal the Company plans to train 415 workers at its Downey facility only. Teamsters Local Union No. 896 has provided a letter of support for the training of its union members.

Coca-Cola is undergoing a companywide Enterprise Resource Planning (ERP) implementation that will require extensive workforce training on new systems. The Company has invested more than \$12 million on SAP (Systems, Applications and Products in Data Processing) software to support this endeavor. This new technology will impact all facets of the organization by providing end-to-end solutions for financials, business management, product planning, materials management, manufacturing, marketing and sales, inventory management, shipping and receiving, and quality management.

In addition to the extensive computer skills training to facilitate the ERP implementation, the Company has developed a comprehensive training plan that also includes Business Skills, Continuous Improvement, Literacy Skills, Management Skills, and Manufacturing Skills. This training plan focuses on defining, simplifying, and implementing core business processes and procedures that continue to move the Company towards positive growth.

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.

In this proposal, Coca-Cola has committed to hiring 45 new employees (Job Number 2) to support its market and business expansion of new products and services. Specifically, the Downey facility will be upgrading its existing packaging lines to accommodate additional business capacity and will be adding a new Packaging Machine to support this growth initiative. The Company will also be upgrading its can-filling room to meet new production requirements.

The newly-hired employees will be hired across multiple occupations within the term of the Contract, and will require extensive training to develop the skills needed to support these expansion plans.

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. As a feature of this program, the Substantial Contribution requirement will be waived for Job Number 2.

PROJECT DETAILS

Training Plan

The training outlined in this proposal will enable Coca-Cola to upgrade the skills of its existing workforce, integrate new employees, introduce new manufacturing technology, and implement

process improvements designed to enhance productivity, product quality, and overall efficiency. Training will take place at the Downey location and will be delivered by a combination of in-house subject matter experts and outside training vendors to be identified during the contract term.

Business Skills (5%) - Training will be offered to all occupations. Training will focus on new product features, customer service, sales techniques, communication, and project management. Trainees will learn to perform business-related tasks with a high degree of professionalism, and interact more effectively with coworkers, customers, and vendors.

Computer Skills (55%) - Training will be offered to all occupations. This training will guide workers through the features and functionality of the Company's new ERP/SAP system. Training will help staff to become more proficient in the use of business software solutions in the areas of resource planning, inventory control, budgeting, marketing/sales, finance, manufacturing, and service delivery.

Continuous Improvement (10%) - Training will be offered to all occupations. This training will focus on process improvements and problem solving methodologies that enhance productivity through lean enterprise principles, strategic planning, and teambuilding.

Literacy Skills (5%) - Training will be offered to Production/Shipping/Receiving Staff and Manufacturing Support Staff. Vocational English as a Second Language will help workers improve their job-related communication, workplace document comprehension, and business vernacular. This training will engender better leadership qualities by helping workers communicate more effectively and perform their jobs with greater confidence.

Management Skills (5%) - Training will be offered to Managers and Supervisors. Training will equip the Company's leadership team with motivation, problem solving, mentoring, and conflict management skills necessary to become more effective leaders.

Manufacturing Skills (10%) - Training will be provided to Production/Shipping/Receiving Staff and Manufacturing Support Staff. Trainees will gain the skills and knowledge to operate and maintain production equipment, ensure product quality, and implement best practices in the areas of manufacturing, food processing, inventory control and warehousing.

Productive Laboratory (10%)

The Panel adopted regulations to authorize reimbursement 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. The instructor must be dedicated to training delivery during all hours of training.

Company representatives indicate that PL training is the most effective way for employees to fully comprehend Coca-Cola's unique production process and provides the optimal learning environment when dealing with very large and complex manufacturing equipment. Therefore, the Company plans to provide PL training to approximately 255 trainees in the occupations of Production/Shipping/Receiving and Manufacturing Support. PL training will allow these workers to achieve the competencies needed to perform their jobs with the highest level of safety and efficiency. The training will focus primarily on equipment operation and maintenance.

The proposed PL training will involve the use of various manufacturing machines (blending, packaging, blow molding, labeling), can/bottle fillers, and a recipe management system. Training will be provided by subject matter experts (supervisors and process engineers) with

knowledge and expertise in Coca-Cola's manufacturing processes and equipment use. The PL trainer-to-trainee ratio will be 1:1 and training will be capped at 40 hours per trainee.

Substantial Contribution

Coca-Cola is a repeat contractor with payment earned in excess of \$250,000 and a former Substantial Contribution at the 15% level, at the Downey facility, within the past five years. Accordingly, reimbursement for trainees at this facility in Job Number 1 will be reduced by 30% to reflect the Company's \$129,870 Substantial Contribution to the cost of training.

Substantial Contribution does not apply to Retrainee – Job Creation trainees, who will be enrolled in Job Number 2.

Commitment to Training

ETP funds will not displace the existing financial commitment to training. Company-funded training includes new-hire orientation training, professional development skills, and Coca-Cola Quality Systems training. Safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

Prior Performance

This will be Coca-Cola's fourth ETP Agreement within the past five years. The Company's most recent ETP project included multiple Coca-Cola locations in California. The training revolved around the Company's investment in recyclable Polyethylene Terephthalate plastic bottles, as well as \$15 million in new manufacturing equipment.

The Company's earlier two ETP contracts targeted the Downey facility and focused on core competencies, new production equipment, environmental sustainability, and the streamlining production through the elimination of waste.

The proposed training is a continuation in the evolution and advancement of Coca-Cola's beverage manufacturing processes and technology. Some curriculum topics are repeated from prior agreements; however, the Company has confirmed that course material has been updated and/or changed to ensure there will be no duplication of training for incumbent workers.

➤ Training Infrastructure

Internal project and training coordinators will oversee class scheduling and training documentation. In addition, the Company has retained an outside administrative consultant to ensure that all training documentation adheres to ETP requirements.

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

The following table summarizes performance by Coca-Cola under ETP Agreements that were completed within the last five years:

| Agreement No. | Location (City) | Term | Approved Amount | Payment Earned \$ % |
|---------------|---|---------------------|-----------------|------------------------|
| ET14-0207* | Downey, Los Angeles, San Leandro, Anaheim, Ontario, San Diego | 10/28/13 – 10/27/15 | \$1,278,200 | \$525,247 (41%) |
| ET12-0163 | Downey | 11/28/11 – 11/27/13 | \$497,100 | \$352,509 (71%) |
| ET09-0543 | Downey | 06/09/09 – 06/08/11 | \$194,400 | \$146,289 (75%) |

***ET14-0207:** As indicated above, this project included multiple Coca-Cola locations. The Company states that it did not achieve ideal performance primarily because the organization experienced significant changes at the middle and higher management levels at all participating locations except the Downey facility. As a result, the Company has agreed to pare down the scope of this training proposal.

In particular, the new proposal only includes the Downey location, which has consistently performed well on prior ETP Agreements. In addition, the proposal has been right-sized to reflect payment earned at the Downey facility alone, which was approximately \$354K.

DEVELOPMENT SERVICES

Spectra Consulting, LLC (Spectra) in Sierra Madre assisted with development of this proposal for a flat fee of \$5,000.

ADMINISTRATIVE SERVICES

Spectra will also perform administrative services 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

- ✚ Advanced Customer Service Skills
- ✚ New Product Features, Maintenance, and Procedures
- ✚ Advanced Sales Skills
- ✚ Project Management Essentials
- ✚ Communication Skills
- ✚ Making Meetings Work
- ✚ Presentation Skills
- ✚ 5 Choices for Extraordinary Productivity
- ✚ Consumer Complaints

COMPUTER SKILLS

- ✚ SAP/ERP
- ✚ Product Planning Cost
- ✚ Manufacturing and Service Delivery
- ✚ Marketing and Sales
- ✚ Inventory Management
- ✚ Shipping and Payment

CONTINUOUS IMPROVEMENT*

- ✚ Environmental Spill Response and Storm Water
- ✚ Corrosive Spills
- ✚ Core Safety Rules
- ✚ Compressed Gases
- ✚ Hazardous Waste Management
- ✚ Safety Data Sheet (SDS) Labeling
- ✚ Product Date Coding
- ✚ Water Management
- ✚ Oil/Water Separators
- ✚ Warehouse Forklift Controls
- ✚ Energy Efficiency
- ✚ Food Safety and Quality
- ✚ Management System Policies
- ✚ ISO (International Organization for Standardization)
- ✚ FDA and EPA Third Party Requirements (AIB)
- ✚ Leadership Skills for Frontline Workers
- ✚ Strategic Planning
- ✚ Project Management
- ✚ Monitoring
- ✚ Supply Chain Elements
- ✚ Problem Solving
- ✚ Lean Manufacturing
- ✚ 5S
- ✚ Six Sigma
- ✚ Total Coca-Cola Quality System (TCCQS)
- ✚ Single Minute Exchange of Dies (SMED)
- ✚ Hazard Analysis Critical Control Point (HACCP)
- ✚ Environmental Sustainability

- ✚ Managing Interactions
- ✚ Scheduling & Planning
- ✚ Inventory Control
- ✚ Basic Logistics Standard Practices
- ✚ Manufacturing Practices
- ✚ Time Management
- ✚ Costs Analysis
- ✚ Teambuilding
- ✚ Statistical Process Control
- ✚ Microbiological, Sanitation, and Equipment Calibration

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

LITERACY SKILLS**

Vocational English as a Second Language (VESL)

- ✚ Basic Manufacturing and Production Terms
- ✚ Communicating with Supervisors, Co-Workers, and Trainers
- ✚ Leadership
- ✚ Customer Service
- ✚ Food Safety Comprehension

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

MANAGEMENT SKILLS (Managers/Supervisors only)

- ✚ Leadership Skills
- ✚ Mentoring/Motivating/Coaching
- ✚ Conflict Management
- ✚ Dealing with Change
- ✚ Effective Training Skills
- ✚ Leadership at a Higher Level
- ✚ Finance for Non-Financial Managers
- ✚ Situational Leadership
- ✚ Crucial Conversations
- ✚ Direct Labor Budgeting and Optimization

MANUFACTURING SKILLS

- ✚ Production Operations
- ✚ Parts & Products Manufacturing
- ✚ Equipment Operation
- ✚ Inventory Control
- ✚ Warehousing
- ✚ Manufacturing Practices
- ✚ Food Processing
- ✚ Electrical Skills
- ✚ Mechanical Skills
- ✚ Pallet Transportation and Repair
- ✚ Welding Skills
- ✚ Blue Print Reading
- ✚ Shop Math
- ✚ Equipment Maintenance

Productive Lab (PL) Hours (limited ratio 1:1)

0 - 40

PL – MANUFACTURING SKILLS

-  Manufacturing Operations/Practices/Techniques
-  Production Equipment Operation Skills
-  Assembly Procedures
-  Equipment Maintenance
-  Warehousing Techniques

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.



Brewery Soda and Mineral Water Bottlers of California
STATEWIDE JURISDICTION
Teamsters Local Union No. 896



Affiliated with International Brotherhood of Teamsters

Southern California Office - 3303 Wilshire Blvd., Suite 300, Los Angeles, CA 90010
Northern California Office - 301 Georgia Street, Suite 220, Vallejo, CA 94590

(213) 388-3144 – Office
(707) 644-8896 – Office

(213) 388-6360 – Fax
(707) 644-8899 – Fax

December 15, 2015

Mario Salomon

Coca-Cola Refreshments USA, Inc. – Downey

8729 Clea Street

Downey, CA 90241

Dear Mr. Salomon,

Teamster Local Union No. 896 fully supports the Employment Training Program offered by Coca-Cola Refreshments USA, Inc. for its members at all facilities under the jurisdiction of Local 896 employed by Coca-Cola Refreshments USA, Inc.

Sincerely,

Phil Cooper

Principal Officer/Secretary-Treasurer