



**Training Proposal for:
Diamond Foods, Inc.**

Agreement Number: ET16-0118

Panel Meeting of: July 24, 2015

ETP Regional Office: Sacramento

Analyst: M. Mazzone

PROJECT PROFILE

Contract Attributes:	Priority Rate Retrainee HUA	Industry Sector(s):	Manufacturing Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	San Joaquin	Repeat Contractor:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Union(s):	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Cannery Workers, Processors, Warehousemen and Helpers Local 601		
Number of Employees in:	CA: 610	U.S.: 1,200	Worldwide: 1,700
<u>Turnover Rate:</u>	10%		
<u>Managers/Supervisors:</u> (% of total trainees)	8%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	Total ETP Funding
\$434,484		\$0	\$0		\$434,484

In-Kind Contribution:	100% of Total ETP Funding Required	\$450,000
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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 Priority Rate	Business Skills, Computer Skills, Continuous Impv, Hazardous Materials, Mgmt Skills, Manufacturing Skills, OSHA 10/30, PL - Manufacturing Skills	347	8-200	0-34	\$972	\$15.07
				Weighted Avg: 54			
2	Retrainee HUA Priority Rate	Business Skills, Computer Skills, Continuous Impv, Hazardous Materials, Mgmt Skills, Manufacturing Skills, OSHA 10/30, PL - Manufacturing Skills	100	8-200	0-34	\$972	* \$11.30
				Weighted Avg: 54			

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

Minimum Wage by County: Job No. 1: \$15.07 per hour for San Joaquin County. **Job No. 2 (HUA):** \$11.30 per hour for San Joaquin 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 \$3.76 per hour may be used to meet the Post-Retention Wage for Job No. 1; and up to \$2.30 per hour may be used to meet the Post-Retention wage for Job No. 2.

Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
Job Number 1		
Production Staff Level 1		81
Production Staff Level 2		80
Production Staff Level 3		34
Maintenance		14

Mechanic		14
Quality Control Technician		5
Warehouse Staff		15
Manager		45
Information Technology Staff (IT Staff)		29
Administrative Staff		10
Production Lead		20
Job Number 2		
Production Staff Level 1		80
Quality Control Technician		5
Warehouse Staff		10
Administrative Staff		5

INTRODUCTION

Diamond Foods, Inc. (Diamond Foods) (<http://diamondfoods.com/index2.php>) was founded in 1912 and is headquartered in San Francisco. The Company produces premium snack foods and culinary nut products including: Kettle Brand® Chips, Emerald® snack nuts, Pop Secret® popcorn, and Diamond of California® nuts. Diamond Foods products are distributed globally to stores where groceries, snacks and nuts are sold.

This will be Diamond Foods' first ETP agreement and will only include the production facility located in Stockton.

PROJECT DETAILS

Diamond Foods is currently focusing on process and system improvements that will allow increased production efficiency. To meet higher production goals and standards, Diamond Foods recently purchased multiple new pieces of equipment for their production lines. The new equipment includes machines such as BOSCH Vertical Fill Bag Makers, BOSCH Carton Formers/Packers, a Horizontal Bag Filler, Auto Case Packing System/Palletizer, and Production Sorters. All new equipment will go into production in between the 4th quarter 2015 and 3rd quarter 2016. Production staff will require a substantial amount of training to learn how to operate the new equipment

The Company plans to institute a continuous improvement strategy to advance production efficiencies, quality and to reduce waste. The Lean Manufacturing program will focus on creating even workloads for a smooth and efficient production process. Other areas which Diamond Foods training will include: a new Environment Resource Planning (ERP) system, OSHA 10/30, management mentoring/leadership skills, and business planning.

Training Plan

Trainees will receive 8-200 hours of classroom/laboratory training; 0-34 hours of Computer-based training (CBT); and 0-60 hours of Productive Laboratory (PL) training.

Business Skills (5%): Training will be delivered to Administrative Staff, IT Staff and Managers. Training will focus on business planning and project management. Training topics will include Project Management, Business Planning, Budgeting, and Run Right Processes.

Computer Skills (10%): Training will be delivered to all occupations, focused on the new ERP system. Staff will also receive training on software programs to improve knowledge and processing efficiency. Training topics will include Kronos, Intermediate and Advanced Microsoft Office, SCADA OEE, and JD Edward's ERP system.

Continuous Improvement (15%): Training will be delivered to all occupations, emphasizing the need to produce a higher quality product more efficiently with less material waste. Training topics will include Problem Solving, Decision Making, Lean Manufacturing, Lean Six Sigma, 5S, Kaizen, Root Cause Analysis, Inventory Control, Process Improvements, and Team Development.

Hazardous Materials (5%): Training will be delivered to Production Staff, Warehouse Staff, Quality Control Technicians, Production Leads and Managers. Staff will learn the proper procedures for identifying, handling, storing and transporting hazardous materials. Training topics will include Hazardous Materials Identification, Hazardous Materials Handling, Hazardous Materials Storage, Proper Chemical Handling and Hazardous Materials Clean-up.

Management Skills (5%): Training for Managers will focus on providing effective leadership, improving efficiencies, and motivating staff. Training topics will include Coaching, Leadership, Conflict Resolution, Motivation, and Team Building.

Manufacturing Skills (40%): Training will be delivered to all occupations. Production Staff, Operations Staff, Quality Control Technicians, Maintenance, Production Leads, Managers, and Warehouse Staff will receive cross-training and training in the operation of new equipment. IT Staff and Administrative Staff will receive Operating Standards training for a full understanding of the facilities operating procedures. Training topics will include Food Processing, Food Packing, Equipment Operation, Nut Cracking, Sanitation, Work Orders Management, Assembly, Forklift Operations, Cross-training, Machine Safety, Control Systems Training, and Quality Systems Assurance.

Certified Safety Training (5%)

OSHA 10/30: This training is a series of courses "bundled" by industry sector and occupation. It consists of 10 hours of classroom or CBT training for journey-level workers and 30 hours for frontline supervisors. Diamond Foods will train Production Staff, Maintenance, Quality Control Technicians and Lead Production Staff in OSHA 10 and Managers will receive OSHA 30 training. The coursework is geared to construction work, and also manufacturing. Completion of the training results in a certificate that expands employment opportunities. The coursework must be approved by Cal-OSHA, and the instructors must be certified by Cal-OSHA.

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. Select Managers, Production Staff and Production Leads will receive up to 24 hours of training. 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. The certification entity has not yet been determined.

Productive Laboratory – Manufacturing Skills

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

Diamond Foods staff will require PL training for Production Staff, Production Leads, Managers and Maintenance to supplement classroom training to ensure that their product is being produced efficiently and to company standards. In the upcoming months, many new pieces of equipment will be put into use, and staff will require hands-on operation, programming, cleaning, troubleshooting and maintenance training for each new piece of equipment. PL training will be delivered in product processing, packing, sanitation, maintenance, metal detection, and support equipment. In addition, staff throughout the location will cross-train in different departments to increase staff knowledge.

All training will be delivered by a subject matter expert who will be present 100% of the time. Diamond Foods will train up to 3 employees at one time with a trainer to maximize training and because many of the machines need more than one person to operate. The trainer will demonstrate the task and then monitor the trainee to ensure proper operation procedures are being followed. Once multiple successful runs of the equipment are completed the trainer will sign off that the trainee is competent.

Diamond Foods is requesting 60 hours of PL training per trainee due to the extensive amount of training required for the new equipment.

Commitment to Training

Diamond Foods has an annual training budget of \$150,000 for the Stockton location, which includes state mandated safety training, new employee orientation, code of conduct, and sexual harassment prevention training. 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.

➤ Training Infrastructure

The Company has a detailed training plan focused on new equipment and lean manufacturing processes. Upper management supports the planned training and are involved in the implementation process. In addition, TGII has been retained by Diamond Foods and will be responsible for the contract administration.

High Unemployment Area

All trainees work in a High Unemployment Area (HUA), a region with unemployment exceeding the state average by at least 25%. The Company's locations in San Joaquin County qualify for HUA status under these standards.

However, Diamond Foods is only requesting a wage modification for Job Number 2.

Retention Modification

An estimated 40 trainees (Job Number 2) will qualify as "Seasonal Employees". Trainees are hired to work the same agricultural production season year after year. Seasonal staff will receive training, and Diamond Foods will only request reimbursement for their training if the seasonal trainee works at least 500 hours within 12 months of completion of training.

Impact/Outcome

Diamond Foods' training plan will provide staff with necessary training on new equipment and provide trainees with knowledge that will allow them to work more independently and efficiently. With increased efficiencies, the Diamond Foods Stockton facility will reduce waste, work more productively and increase company profitability. Training will also foster a strong career ladder, which will build an internal succession plan.

RECOMMENDATION

Staff recommends approval of this proposal.

DEVELOPMENT SERVICES

Diamond Foods retained TGII in Suwanee, GA to assist with development of this proposal for no fee.

ADMINISTRATIVE SERVICES

Diamond Foods also retained TGII to 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:

BUSINESS SKILLS

- ❖ Reporting
- ❖ Project Management
- ❖ Run Right Processes
- ❖ Business Planning
- ❖ Budgeting
- ❖ Communicating Effectively in the Workplace
- ❖ Communication and Trust
- ❖ Good Manufacturing Practices – Auditor Training
- ❖ Internal Auditing
- ❖ Good Documentation Practices and Documentation Control

COMPUTER SKILLS

- ❖ MP2 CMMS System
- ❖ Kronos
- ❖ JD Edwards (JDE) Environmental Resource Planning (ERP) System
- ❖ JDE Materials Resource Planning (MRP) System
- ❖ JDE – Oracle's
- ❖ Intermediate and Advanced Microsoft Office
- ❖ Insight Console
- ❖ Cardex
- ❖ SCADA OEE
- ❖ Bar Code Scanning System
- ❖ Global Harmonization System

CONTINUOUS IMPROVEMENT

- ❖ Inventory Control
- ❖ Environmental Sustainability
- ❖ Energy Conservation
- ❖ Lean Manufacturing Principles/Practices
- ❖ Process Improvements
- ❖ Problem Solving/Decision Making
- ❖ Lean Six Sigma
- ❖ Kaizen
- ❖ 5S
- ❖ Team Development
- ❖ Root Cause Analysis
- ❖ Review of Business/Operations for Performance Improvements
- ❖ Exploring the Roles and Behaviors of a Coach
- ❖ Implementing Coaching and Observations
- ❖ Motivation, Discipline and Goals
- ❖ Patience, Consistency and Getting the Job Done
- ❖ Social Skills at Work
- ❖ Utensil/Tool Color Coding
- ❖ Visual Sorting

MANAGEMENT SKILLS (Managers Only)

- ❖ Motivation
- ❖ Team Building
- ❖ Coaching
- ❖ Leadership
- ❖ Conflict Resolution
- ❖ Being a Successful Supervisor

MANUFACTURING SKILLS

- ❖ Production Operations
 - Food Processing
 - Food Packaging
- ❖ Equipment Operations
 - Oven
 - Oil Roaster
 - Case Cartoner
 - Vertical Filler
 - Weighers
 - Horizontal Fillers
 - Robotics
 - Laser Sorting
 - Cameral Sorting
 - Cannery
 - Palletizing
 - Wrappers
 - Fumigation
 - Heating Chambers
 - Bulk Storage
 - Nut Cracking
 - Sanitation Equipment
 - Nut Bleaching
 - Nut Blanching
 - Spud-Nik
 - Offline Centrifuge
 - Dish Washer
 - Dry Burst Chamber Operation
 - Metal Detector Verification Testing
 - Food Processor
 - Dump Operator Training
- ❖ Assembly Procedures
 - Equipment Assembly
 - Cleaning and Changing Slicer Heads
 - Change-over Seasoning Deck
- ❖ Warehousing
 - Manual Pallet Jack
 - Attaching and Operating Manbasket
 - Distribution Center training
 - Packer/Stacker Training
 - Installing and Using Forklift Attachment to Empty Drums
 - Drum Dolly
 - Deliveries/Warehousing

- Pallet Wrapper Operation
- Warehouse Safety
- Forklift Operations/Safety
- ❖ GMP (Good Manufacturing Practices)
- ❖ Quality Assurance
 - Testing
 - Inspection
 - Lab Equipment
 - Moisture and Oil Verification
- ❖ Cross-Training
 - Nut Cracking
 - Nut Processing
 - Nut Receiving
 - Nut Sorting
 - Bulk Storage
 - Packaging Training
 - Production Equipment
 - Raw/Finished/Post Inspection Training
- ❖ Maintenance
 - Facilities
 - Electrical
 - Mill Wright
 - Mechanical
 - Cannery
 - Cracking
 - Pest Control
 - Crewing
 - Packaging
- ❖ Sanitation
 - Standard Cleaning and Sanitization
 - Cleaning and Sanitizing in a Dry Food and Food Manufacturer Facility
 - Cleaning Food Contact Surfaces
 - Controlling Salmonella in Food Manufacturing
 - Dangerous Microorganisms in Food Manufacturing
 - E. Coli Overview
 - Cleaning Procedures for Reusable items
 - Clean-Up of Potentially Infectious Material
- ❖ Reliability Processes
 - Work Orders Management
 - Part Management
 - Preventative Maintenance
 - Predictive Maintenance
- ❖ Food Safety
 - Allergen Ingredient Handling
 - Blood borne Pathogens
 - Food Manufacturing Emergency Preparedness
 - Preventing Foodborne Illness and Employee Reporting
 - Food Allergens
 - Food Safety Standards

- Preventing Food Contamination for Dry/Frozen Foods
- ❖ Machine Safety/Guarding
- ❖ Confined Space
- ❖ Equipment, Quality and Environmental Safety
- ❖ Lock-Out/Tag-Out
- ❖ Dock Lock Operation and Trailer
- ❖ Automation Implementation
- ❖ Control Systems/Electrical Systems
- ❖ SQF Training
- ❖ Hazardous Analysis & Critical Control Points Training
- ❖ Internal Auditor Training
- ❖ Product Recall Training
- ❖ Dryer Maintenance
- ❖ Ladder Set-Up
- ❖ Order Verification
- ❖ Bulk Line Allergen Clean-Up
- ❖ Case Search Inspection training
- ❖ Film Lot Number Tracking
- ❖ Visual Film Quality Review
- ❖ Reworking Non-Conforming Product on Seasoning Deck
- ❖ Fried Chip Hand Seasoning
- ❖ Damaged Product and Spill Response
- ❖ Non-Conforming Raw Material Film Defects Training
- ❖ Finished Chip/Bake Inspection Training
- ❖ Seasoning Training
- ❖ Tool Safety
- ❖ Food Security
- ❖ Waste Management Procedures and Proper Disposal

OSHA 10/30 (Certified OSHA Instructor)

- ❖ OSHA 10 (requires 10 hours completion)
- ❖ OSHA 30 (requires 30 hours completion)

HAZARDOUS MATERIALS (HAZMAT)

- ❖ HAZMAT – Annual Refresher (8 hours)
- ❖ HAZMAT – Complete Course (24 hours)

HAZARDOUS MATERIALS

- ❖ Hazardous Materials Handling
- ❖ Hazardous Materials Clean-up
- ❖ Hazardous Materials Storage
- ❖ Hazardous Materials Identification/Labeling
- ❖ Hazardous Materials Communications Skills
- ❖ Material Safety Data Sheets
- ❖ Chemical Usage Training
- ❖ Storm Water Pollution Prevention
- ❖ Hazardous Material Safety

Safety Training cannot exceed 10% of total training hours per-trainee (This cap does not apply to Hazmat or OSHA 10/30)

Productive Lab Hours

0-60 hours

MANUFACTURING SKILLS (1:3)

- ❖ Processing
 - Glazing
 - Drying
 - Roasting
 - Sorting
 - Branding and Cracking Nuts
- ❖ Operations of Packing Technology
 - Case Cartoner
 - Vertical Filler
 - Weighers
 - Horizontal Fillers
 - Robotics
 - Palletizing
 - Wrappers
- ❖ Sanitation
- ❖ Packaging Electrical Maintenance Skills Training
 - Case Cartoner
 - Vertical Filler
 - Weighers
 - Horizontal Fillers
 - Robotics
 - Palletizing
 - Wrappers
- ❖ Electrical/Controls Maintenance Skills Training
 - Tools and Basic Wiring
 - Lighting
 - Power Cords and Receptacles
 - 12KV
 - 480KV
 - Single Phase
 - UPS Systems
 - Generators
 - Interpreting Schematics
 - Conduit Fabrication
 - Motor/Gearbox Repair
 - 3 Phase Motor Control
 - Servo Control Components
- ❖ Lock-Out/Tag-Out Training
- ❖ Metal Detectors
 - Operation
 - Troubleshooting
 - Adjustment
- ❖ Packaging Scale Basics
 - Operation of Packaging Scales
 - Control Interface to Packaging Scales
- ❖ Vacuum Packaging Unites
- ❖ Electrical Controls and Instrumentation

- Discrete and Analog Sensors
- Safety (Guard) Circuits
- Control Panels
- Pneumatics
- Troubleshooting
- DC Drivers
- Variable Frequency Drivers
- Soft Starts
- Power Recovery Procedures
- ❖ Processing Technical Maintenance/Operation
 - PPO and Preheat
 - Fulton Oil Heater
 - Dry Roast Line
 - Hot Water Heater
 - HP and LP Water System
 - Roasting/Glaze HVAC
- ❖ Utilities and Common Support Equipment
 - Stretch Wrapper
 - Portable Bin Dumpers
 - Steam and Condensate
 - Compressed Air Systems
 - Waste Water Systems
 - Cold Storage Refrigeration
 - City Water Boost Pumps
 - Fire System
 - Security Access System
 - Sewage Lift Stations
 - Automatic Overhead Doors
 - Ticket Printers

CBT Hours

0-34

MANUFACTURING SKILLS

- ❖ Back Injury Prevention (35 minutes)
- ❖ Confined Spaces (35 minutes)
- ❖ Hand and Power Tools (35 minutes)
- ❖ Lock-Out/Tag-Out Procedures (35 minutes)
- ❖ Project Management Office Certification (30 hours)

HAZARDOUS MATERIALS

- ❖ Hazard Communication Skills (35 minutes)
- ❖ Hazardous Atmospheres (35 minutes)

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 excluding OSHA 10/30, HAZWOPER or HAZMAT. PL is capped at 60 hours per-trainee.



Teamster Union Local 601

**Cannery Workers, Processors, Warehousemen and Helpers
Affiliated with the International Brotherhood of Teamsters Union**

June 30, 2015

Tami Vargas
Senior Human Resources Manager
Diamond Foods Inc.
1050 Diamond St.
Stockton, CA 95205

Re: ETP Training Program

Teamsters Local Union 601 supports the ETP training program at Diamond Foods Inc., which will provide our members with the skills needed to meet their employer's requirements, which in turn will provide a secure work environment for the future.

Regards,

Pablo Barrera
Business Agent
Teamsters Local Union 601

