

DELEGATION ORDER



RETRAINEE - JOB CREATION

Training Proposal for:

Dorfman-Pacific Co.

Agreement Number: ET16-0440

Approval Date: April 18, 2016

ETP Regional Office: Sacramento

Analyst: W. Sabah

PROJECT PROFILE

| | | | |
|---|---|---------------------|---|
| Contract Attributes: | Retrainee Job Creation Initiative HUA | Industry Sector(s): | Wholesale Trade/Distributor Priority Industry: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Counties Served: | San Joaquin | 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: 157 | U.S.: 175 | Worldwide: 175 |
| <u>Turnover Rate:</u> | 8% | | |
| <u>Managers/Supervisors:</u> (% of total trainees) | 12% | | |

FUNDING DETAIL

| | | | | | |
|---------------|---|----------------------------|-------------------------|---|--------------------------|
| Program Costs | - | (Substantial Contribution) | (High Earner Reduction) | = | Total ETP Funding |
| \$91,800 | | \$0 | \$0 | | \$91,800 |

| | | |
|-----------------------|------------------------------------|----------|
| In-Kind Contribution: | 100% of Total ETP Funding Required | \$91,800 |
|-----------------------|------------------------------------|----------|

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 HUA | Business Skills, Computer Skills, Cont. Imp. | 52 | 8-200 | 0 | \$1,275 | \$12.00* |
| | | | | Weighted Avg: 85 | | | |
| 2 | Retrainee Job Creation Initiative HUA | Business Skills, Computer Skills, Cont. Imp. | 17 | 8-200 | 0 | \$1,500 | \$12.00* |
| | | | | Weighted Avg: 75 | | | |

*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 (HUA): \$11.70 per hour: Job Number 2 (Job Creation/HUA): \$10.00 per hour in 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

| Wage Range by Occupation | | |
|------------------------------|------------|-------------------------|
| Occupation Titles | Wage Range | Estimated # of Trainees |
| Job Number 1 | | |
| Vendor Compliance Specialist | | 4 |
| Accounting Staff | | 11 |
| Human Resources Staff | | 2 |
| Purchasing Staff | | 4 |
| Sales Representative I | | 1 |
| Sales Representative II | | 1 |
| Embroidery Digitizer Staff | | 1 |
| Customer Service Staff | | 7 |
| Material & Shipping Staff | | 13 |
| Manager/Supervisor I | | 4 |
| Manager/Supervisor II | | 4 |
| Job Number 2 | | |
| Web Developer | | 1 |
| Warehouse Staff | | 16 |

INTRODUCTION

Founded in 1921 and located in Stockton, Dorfman-Pacific Co. (Dorfman Pacific) (www.dorfman-pacific.com) is a full-line, in-stock headwear and handbag wholesaler. Their products include Stetson, Woolrich, Cappelli Strawworld, Inc., Tommy Bahama and Scala. The Company's customers include retail stores JC Penney, Ross, TJ Maxx, Disneyland, CVS and S-Mart.

Dorfman-Pacific is undergoing a companywide Creative Logistic Solutions (CLS) implementation that will require extensive workforce training on new systems. This new automated system will speed up the shipping process for parcel carriers from 16 seconds to 3 seconds per parcel. In addition, the Company recently invested in RepZio software to allow sales staff to take orders electronically while interacting with customers off-site. These new technologies will affect all facets of the organization by increasing productivity and efficiency throughout the business.

This is Dorfman-Pacific's second ETP Agreement within the last five years. Trainees will not receive training on duplicated courses. Repeat courses from the previous Agreement contain advanced versions. All staff will receive training on the new technology changes and company-wide processes to remain competitive in the market. The Company training will also include Business Skills and Continuous Improvement to focus on defining, simplifying and implementing core business processes and procedures.

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.

Dorfman-Pacific is adding new product lines and expanding its current products. Since 2013, the Company's sales have grown 12% with the addition of 20 new employees. As Company sales continue to increase and customer demand begins to grow, Dorfman-Pacific will need to hire additional Warehouse Staff and a Web Developer to accommodate the growth of production and distribution.

Dorfman-Pacific has committed to hiring 17 new employees (Job Number 2). The Company represents that 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. The Company also represents that these trainees will be hired into "net new jobs" as a condition of contract.

PROJECT DETAILS

Training Plan

Dorfman-Pacific will provide between 8-200 hours of Classroom/Laboratory training. Training will be delivered by both in-house experts and outside vendors.

Business Skills (60%): Training will be offered to all occupations. Training will focus on system procedures, new product lines, navigation through customers' accounts, and new ways of importing goods. Trainees will learn to perform business-related tasks with a high degree of professionalism and interact more effectively with customers and vendors to increase sales. Training will also reduce the Company's carbon footprint and streamline policies and procedures to manage all accounting functions.

Computer Skills (20%): Training will be offered to all occupations. Training will guide workers through the features and functionality of the Company's CLS and Repzio system to help staff become more proficient in business software solutions. The Web Developer will learn to update the Company website by creating a cohesive, user-friendly system for customer navigation.

Continuous Improvement (20%) Training will be offered to all occupations. Training will include leadership training, business efficiency, teambuilding and business efficiency to produce more effective trainers, and develop strategies to strengthen teamwork and system processes. Training will help reduce product costs, quality errors and enhance teambuilding.

High Unemployment Area

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

For these trainees, the Panel may modify the ETP Minimum Wage by up to 25% if post-retention wages exceed the start-of-training wages. Dorfman-Pacific is requesting a wage modification to \$12.00 for Job Number 1 & 2 to train workers in lower-wage occupations.

Temporary to Permanent Hiring

Dorfman-Pacific intends to train 40 workers in Job Number 1 under Panel guidelines for the Temporary-to-Permanent program. The Company has retained these employees on a temporary basis, with the intention of hiring them into full-time, permanent positions after training. According to Dorfman-Pacific the average time for "converting" temporary workers into full-time permanent employment is three to six months. It is expected that these workers will receive employer-paid share-of-cost for healthcare premiums while on temporary status, and upon hire into full-time permanent employment.

These trainees must be eligible to participate in ETP-funded training pursuant to Unemployment Insurance Code Section 10201(c). However, they cannot be enrolled as trainees until after they have been hired by Dorfman-Pacific. Moreover, until they are so hired, retention and post-retention wage requirements cannot be satisfied and the Company will not receive progress payments.

Commitment to Training

The Company's annual training budget is approximately \$25,000 for sexual harassment prevention, safety training, administrative classes and computer-based training.

ETP funds will allow the Company to expand its class/lab training efforts and offer additional skills enhancements training to current and newly-hired staff to support the Company's growth plans. ETP funds will not displace the existing financial commitment to training.

➤ Training Infrastructure

Dorfman-Pacific has multiple staff members dedicated to administering the ETP project. Staff will schedule training, enroll trainees, track training hours, and meet with ETP staff. The CFO will meet with Company managers to create a formalized training schedule to track and complete the ETP project successfully.

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

The following table summarizes performance by Dorfman-Pacific under an ETP Agreement that was completed within the last five years:

| Agreement No. | Location (City) | Term | Approved Amount | Payment Earned \$ % |
|---------------|-----------------|----------------------|-----------------|------------------------|
| ET13-0377 | Stockton | 5/15/13 – 5/14/15 | \$36,300 | 30,458 (84%) |

DEVELOPMENT SERVICES

N/A

ADMINISTRATIVE SERVICES

N/A

TRAINING VENDORS

David Diskin of Lodi will provide Computer Skills training. Other trainers will be identified as they are retained.

Exhibit B: Menu Curriculum

Class/Lab Hours

8-200

Trainees may receive any of the following:

BUSINESS SKILLS

- Customer Service Skills
- Special Order Processing
- Vendor Compliance
- Data Entry
- Accounting
- Charge Backs
- Communication Skills
- International Purchasing/Distribution
- Inventory Forecasting
- Sales Strategies

COMPUTER SKILLS

- Microsoft Word & Excel (Intermediate)
- Creative Logistics Solutions
- Web Development
- Alfresco Software
- Apprise Software
- Digitizing
- New Software-CLS
- RepZio (CSR Training)
- RepZio (Sales Rep Training)

CONTINUOUS IMPROVEMENT

- Business Efficiency and Work Challenges
- Process Improvement
- Teambuilding
- Train-the-Trainer
- Leadership Skills

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