



## Retrainee – Job Creation

### Training Proposal for:

# E. & J. Gallo Winery, A Wholly-Owned Subsidiary of Dry Creek Corporation

**Agreement Number: ET16-0348**

**Panel Meeting of:** February 26, 2016

**ETP Regional Office:** Sacramento

**Analyst:** M. Jones

### PROJECT PROFILE

Contract Attributes:	HUA Job Creation Initiative Priority Rate Retrainee	Industry Sector(s):	Manufacturing  Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Fresno, Sonoma, Merced, Stanislaus, Napa, San Luis Obispo, Monterey	Repeat Contractor:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Union(s):	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No: United Food and Commercial Workers International Union, Local 186D; United Food and Commercial Workers International Union 8 – Golden State; United Steel Workers, Local 18; Glass, Molders, Pottery, Plastic & Allied Workers, AFL-CIO, CLC		
Number of Employees in:	CA: 5,122	U.S.: 5,534	Worldwide: 5,775
Turnover Rate:	7%		
Managers/Supervisors: (% of total trainees)	3%		

### FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	=	Total ETP Funding
\$740,000		\$0		\$740,000

In-Kind Contribution:	100% of Total ETP Funding Required	\$1,400,000
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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, Cont. Imp., HazMat, Mgmt. Skills, Mfg. Skills, PL-Mfg. Skills	600	8-200	0-1	\$900	\$17.84
				Weighted Avg: 50			
2	Job Creation Priority Rate Retrainee	Business Skills, Computer Skills, Cont. Imp., HazMat, Mgmt. Skills, Mfg. Skills, PL-Mfg. Skills	200	8-200	0-1	\$1,000	\$19.35
				Weighted Avg: 50			

**Minimum Wage by County:** Job Number 1: \$15.60 per hour for Fresno, Napa, Sonoma, San Luis Obispo, Stanislaus, Merced, Monterey counties

Job Number 2 (Job Creation): \$12.77 per hour for Fresno, Napa, Sonoma, San Luis Obispo, Stanislaus, Merced, Monterey counties.

**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
<b>Job Number 1</b>		
Level 2-3 Operator		88
Level 3 Driver		59
Level 3 Maint. Worker		28
Level 4 Advanced Operator		100
Level 5 Tech. Operator		20
Level 5-9 Mechanic		75
Team Lead		45
Manager/Supervisor		20
*Forming Apprentice		10
*Glass Maint. Apprentice		6
*Furnace Apprentice		10
Furnace Operator		13
*Hot End Apprentice		10
Hot End Operator		18

Glass Maint. Journeyman		8
Maint. Technician		10
Machine Repair Tech.		10
Machine Repair Journeyman		8
Mold Maker		8
Glass Equip. Operator		12
Warepuller		3
Surface Coater		5
Packaging Staff		8
Furnace Coordinator		3
Mold Coordinator		4
Machine Repair Coordinator		4
Hot End Coordinator		6
Maint. Coordinator		4
Lean Six Sigma Black Belt Staff		5
<b>Job Number 2</b>		
Grower Relations		3
Vineyard Management		2
Viticulture Chemist		3
Level 2-3 Operator		55
Level 3 Driver		20
* Level 3 Maint. Apprentice		12
Level 4 Advanced Operator		52
Level 5 Tech. Operator		6
Level 5 Mechanic		18
Team Lead		10
Manager/Supervisor		3
*Forming Apprentice		6
*Glass Maint. Apprentice		2
*Furnace Apprentice		2
Furnace Operator		2
*Hot End Apprentice		2
Hot End Operator		2

\*Note: Gallo has pilot apprenticeship programs. At this time, the programs are not Division of Apprenticeship Standards (DAS) approved. However, Gallo still includes the word "apprentice" in these occupational titles.

## **INTRODUCTION**

E. & J. Gallo Winery, a Wholly-Owned Subsidiary of Dry Creek Corporation (Gallo) was founded in 1933 by brothers Ernest Gallo and Julio Gallo in Modesto. Today, Gallo is the largest family-owned winery in the United States. Headquartered in Modesto, Gallo also has plants and wineries in Livingston, Fresno, Napa, St. Helena, San Miguel, San Luis Obispo, Cloverdale, Carmel and Healdsburg.

Gallo distributes wine to 90 countries and is the largest exporter of California wine. Gallo exports 17% of its total wine case volume outside the United States. Some of the brands in Gallo's wine portfolio include Gallo Family Vineyards, Apothic, Barefoot Cellars, Louis M. Martini, MacMurray Ranch, Bridlewood, Mirassou Vineyards, Frei Brothers, DaVinci, Martin Codax, Ecco Domani, William Hill Estate, and Edna Valley Vineyard. The Winery is also expanding its portfolio with distilled spirits and recently added five new brands: New Amsterdam Gin, New Amsterdam Vodka, Familia Camarena Tequila and Shellback Rum.

### **Need for Training**

With Gallo's recent growth due to multiple winery purchases, there is a need to train newly hired team members, as well as existing team members toward promotional opportunities.

In addition, the glass plant is installing new bottling equipment and technology in glob formation (advancing from double- to triple-glob), along with other new equipment, using robotics and automated controls. This requires increased levels of technical training.

As part of the business expansion, Gallo is installing other new equipment such as bottling lines, palletizers, automated guided vehicles, cellar cooperage and cross flow filters in order to ensure the business is able to meet future demand and keep up with product innovation.

### **Union Support**

All union letters of support for this training project have been received.

### **Retrainee - Job Creation**

The Panel offers incentives to companies that commit to hiring new employees. Training for newly-hired employees is reimbursed at a higher rate and trainees are subject to a lower post-retention wage.

Gallo recently purchased 3 wineries in California. Given this expansion, the Company is proposing to hire 200 new employees (Job Number 2). These trainees must be hired within the three-month period prior to Panel approval or within the term-of-contract. Gallo represents that these trainees will be hired into "net new jobs" as a condition of contract. These jobs are being created to support Gallo's expansion as discussed above. [Note: In the prior ETP Agreement, Gallo met its commitment to hire and train 200 new workers under Job Creation, also tied to business expansion.]

### **PROJECT DETAILS**

This is the second ETP contract with Gallo within the last five years. In the previous contract, training focused on product quality; Lean training and application, especially in new packaging markets (e.g., box wine) and new/specific equipment training.

The proposed training will focus mainly on product quality, especially in new technology. New/specific equipment training will again be offered due to the plant expansion. Training under the prior ETP Agreement will not be repeated for these trainees.

### **Training Plan**

**Business Skills (14%):** Training will be offered to Managers/Supervisors, Team Leads and Operators to enhance communication. The skills learned will help develop business and

leadership skills. Training topics include Conflict Resolution, Train-the-Trainer, Giving Constructive Feedback, and Developing Others.

**Computer Skills (10%):** Training will be offered to Operators, Maintenance Workers, Team Leads and Managers to understand work order processes and how systems can be used to enhance production line performance. Team Leads and Managers will learn how to analyze large amounts of data and effectively present the data using Microsoft Excel spreadsheets and pivot tables to improve productivity. Tableau training will be provided to ensure leaders are able to pull larger ranges of data and manipulate as needed. Training topics include Tableau, Minitab, Warehouse Management Systems, Manufacturing Execution System and intermediate Microsoft Suite.

**Manufacturing Skills (20%):** Training will be offered to Production Workers, Operators, Drivers and Maintenance to operate and maintain technical manufacturing equipment. A phased approach will be used to train mechatronics. Mechatronics is a multidisciplinary field of engineering that includes a combination of engineering, mechanical engineering, electrical engineering, telecommunications engineering, control engineering and computer engineering systems. Training topics include Power Logics, Motor Controls, Single Phase Motors, Instrumentation and Capper Training.

**Continuous Improvement (30%):** Training will be offered to Production Workers and Managers/Supervisors in how to statistically reduce waste. Gallo is integrating first pass quality and quality master plans into its production workforce, providing a focused training on these areas. It provides leaders and their teams with essential skills to achieve higher levels of product quality; establish goal alignment and business focus; simplify the management of objectives; and establish a culture of teamwork, participation, and continuous learning. Training topics include Kaizen, Lean Leadership and Lean Fundamentals.

**Management Skills (5%):** Training will be offered to Managers/Supervisors to enhance the skillset to create a productive work atmosphere to motivate staff positively lead and coach staff.

**Hazardous Materials (1%):** Training will be offered only to staff members that are exposed to hazardous materials, specifically Maintenance, Mechanics and Production Staff. The training will focus on the safe handling of hazardous materials and will include course topics

**Productive Laboratory (20%):** Productive Lab (PL) trainees may produce goods for profit in select courses identified under the Curriculum, and with no more than 10 trainees per instructor. The instructor must be dedicated to training delivery during all hours of training.

All PL training will be in Manufacturing Skills, as offered to: Operators, Technicians, Drivers, Warepuller, Surface Coater, Packaging Staff, Coordinator, Mechanic and Maintenance Staff. This training will supplement Class/Lab coursework, and will strengthen the employees' understanding of how to perform equipment/operation related tasks. They will also receive vital cross-training on multiple production lines and procedures. Gallo anticipates that approximately 150 employees from the Modesto, Livingston, and Fresno facilities will participate in PL training, at up to 60 hours each.

Instructors will be subject matter experts and will demonstrate the process prior to observing the trainees performing the task. The instructor will provide coaching, quizzing and mentoring until the trainee has been determined competent in the process.

During PL training, production is expected to be slower given that the trainee will be working with new equipment and will be required to meet established quality standards. The trainer-to-trainee ratio for PL training will not exceed 1:1.

## **Substantial Contribution**

Gallo is a repeat contractor with payment earned in excess of \$250,000 within the last five years. However, the Company is not subjected to a Substantial Contribution under this proposal as incumbent trainees earned less than \$250,000 and the remaining payments were earned from Retrainee – Job Creation trainees, in which Substantial Contribution does not apply.

## **Commitment to Training**

Gallo currently spends more than \$8 million annually for training at all California facilities combined. This amount does not include the cost of internal trainers and wages and benefits of employees while they are in training. In addition to providing required training such as all OSHA mandated safety regulations, sexual harassment prevention, new hire orientation, Gallo also provides basic skills training such as interviewing skills, time management, basic communication skills, introduction to project management, troubleshooting, and technical education. All training is job/department specific and is designed to meet the different needs of incumbent and newly hired workers.

Gallo 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.

### ➤ Training Infrastructure

California Manufacturers & Technology Association (CMTA) has designated two staff members to handle all administrative duties for Gallo. Gallo also has a corporate training division responsible for the development and scheduling of training as well as trainee enrollment.

## **Impact/Outcome**

After training, trainees should be able to meet specific objectives, including:

- Perform all related ISO mandated procedures for each qualified position such as changeover, clean up, operation procedures, troubleshooting, line flow controls, and safe work practices.
- Complete and document all product quality checks.
- Actively participate in preventing and correcting potential quality related issues.
- Initiate, manage, and/or participate in root cause analysis and problem solving.
- Work in a team environment or lead the work of the team depending on occupation.

## **High Unemployment Area**

Some trainees work in a High Unemployment Area. However, Gallo is not asking for a wage modification.

## **RECOMMENDATION**

Staff recommends approval of this proposal.

## **PRIOR PROJECTS**

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

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned \$ %
ET13-0364	Modesto, Livingston, Fresno	6/03/13 – 6/02/15	\$601,600	\$601,600 (100%)

**DEVELOPMENT SERVICES**

CMTA in Sacramento assisted with development for a flat fee of \$12,000.

**ADMINISTRATIVE SERVICES**

CMTA 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**

- Conflict Resolution
- High Performance Work Teams
- Diffusing Emotional Situations
- Managing Emotions At Work
- Planning and Prioritizing
- Giving Constructive Feedback
- Developing Others
- Building Trust Under Pressure
- Train-the-Trainer
- Management Fundamentals
- Leadership Fundamentals
- High Performance Work Teams
- Leading Change
- Thriving During Change
- Speed of Trust

**COMPUTER SKILLS**

- Tableau
- Minitab
- Microsoft Office Intermediate
- Warehouse Management Systems
- MES (In-House System)

**CONTINUOUS IMPROVEMENT**

- Problem Solving
- Lean Fundamentals
- Kaizen
- Visual Management
- Lean Leadership
- Understanding Waste

**HAZARDOUS MATERIALS**

- Ammonia Training

**MANAGEMENT SKILLS (Manager/Supervisors Only)**

- Leadership

**MANUFACTURING SKILLS**

- Valve Rebuilding
- Power Logics
- Mechantronics
- Electrical Skills
- Braker Testing
- Epoxy Training
- Interior Coatings
- Centrifuge Training
- Rotovac Training
- Industrial Filter Training
- Packer Training
- Labeler Training
- Filler Training
- Foiler Training
- Depalletizer Training
- Capper Training
- RSLogix5000
- Instrumentation
- Master Quality Plans
- Quality Fundamentals
- Racker and Blender
- Float Operator Training
- Press Deck Operator Training
- Wine Treatments
- Boilers Basics
- Evaporator Basics
- Distillery Basics
- Finished Wine Processes
- Sanitation of Bottling Lines
- Cellar Sanitation
- Forklift
- Crane Certification
- Behavior-Based Safety
- Forming
- MSK Equipment Training
- Kaufman Equipment Training
- Emmeti Operator
- Defect Causes and Remedies
- Single Phase Motors
- Motor Controls
- Basic Electricity and Electronics
- Welding
- Arc Flash
- Troubleshooting Labelers
- Troubleshooting Fillers
- Troubleshooting Packers
- Troubleshooting Depalletizers
- Troubleshooting Cappers

- Troubleshooting Foilers
- Wine Filtration

### **Productive Lab**

0-60

#### **MANUFACTURING SKILLS** (Ratio 1:1)

- Coolers
- Pump Jobs
- Blends
- XF Lines
- Sampling
- Work Order Management
- Treatments
- Utilities Color Codes
- Tank Safety
- Put Away Driver Training
- Forklift Training
- Driver Training

### **Computer-Based Training**

0-1

#### **COMPUTER SKILLS**

- Intermediate/Advanced Microsoft Office (1 hr.)

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



# UFCW-WINE, DISTILLERY & ALLIED WORKERS, LOCAL 186D

329 Downey Ave.  
Modesto, CA 95354-1297

Phone (209) 524-4245  
Fax (209) 524-7066

October 13, 2015

Stewart Knox  
Executive Director  
Employment Training Panel  
1100 J Street, 4<sup>th</sup> Floor  
Sacramento, CA 95814

Dear Mr. Knox,

I am writing on behalf of the United Food and Commercial Workers, Local 186D. We support the proposed training funded in part by the Employment Training Panel. We support the proposal being submitted to the Employment Training Panel from E. & J. Gallo Winery.

This training will assist the company in meeting their goals. The proposed training will assist our union members in developing new skills that enable them to reach greater levels of success for them personally and that of the company.

Sincerely,



Alan Pegarella

President  
United Food and Commercial Workers, Local 186D



United Food & Commercial Workers International Union, AFL-CIO, CLC

**Jacques Loveall**  
President  
International Vice President

**Roseville**  
(Headquarters)  
2200 Professional Dr.  
Roseville, CA 95661  
(916) 786-0588  
(916) 786-0958 (fax)

August 31, 2015

**Bakersfield**  
900 Airport Dr.  
Bakersfield, CA 93308  
(661) 391-5770

Stewart Knox  
Executive Director  
Employment Training Panel  
1100 J Street, 4<sup>th</sup> Floor  
Sacramento, CA 95814

**Chico**  
20 Constitution Dr.  
Suite C  
Chico, CA 95973  
(530) 895-0017

Dear Mr. Knox,

**Fresno**  
3485 W. Shaw Ave.  
Suite 101  
Fresno, CA 93711  
(559) 271-1288

I am writing on behalf of UFCW 8-Golden State. We support the proposed training funded in part by the Employment Training Panel. We also support the proposal being submitted to the Employment Training Panel from E. & J. Gallo Winery.

**Fresno**  
*Distillery, Wine & Allied,  
and Wholesale Division*  
3485 W. Shaw Ave.  
Suite 102  
Fresno, CA 93705  
(559) 226-5045

This training will assist the company in meeting their goals. The proposed training will assist our union members in developing new skills that enable them to reach greater levels of success for them personally and that of the company.

**Modesto**  
2007 Yosemite Blvd.  
Modesto, CA 95354  
(209) 529-0596

Sincerely,

  
JACQUES LOVEALL

**Redding**  
3400 Bechelli Ln.  
Suite C  
Redding, CA 96002  
(530) 222-3905

JSL:lab

**Sacramento**  
1930 9th Street  
Sacramento, CA 95811  
(916) 503-8828

cc: Kirk Vogt  
Joe Ciotti  
Mike Crain  
Robert Scott

**Santa Rosa**  
940 Hopper Ave.  
Santa Rosa, CA 95403  
(707) 546-1384





November 11, 2015

Jill McAloon  
Acting Executive Director  
Employment Training panel  
1100 J Street, 4<sup>th</sup> Floor  
Sacramento, CA. 95814

Dear Ms. McAloon,

I am writing on behalf of the United Steel, Paper and forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, (USW), AFL-CIO, CLC, Local 18. We support the proposed training funded in part by the Employment Training Panel. We support the proposal being submitted to the Employment Training Panel from Gallo Glass Company.

This training will assist the company in meeting their goals. The proposed training will assist our union members in developing new skills that enable them to reach greater levels of success for them personally and that of the company.

Sincerely,

A handwritten signature in black ink, appearing to read "Martin Nuno". The signature is fluid and cursive.

Martin Nuno

President

USW Local 18



**Glass, Molders, Pottery, Plastics & Allied Workers  
International Union  
(AFL-CIO, CLC)**

LOCAL UNION NO. 17

MODESTO, CA



P.O Box 1808  
Empire, CA 95319  
Office Phone: (209) 524-3088

November 9, 2015

Stewart Knox  
Executive Director  
Employment Training Panel  
1100 J Street, 4<sup>th</sup> Floor  
Sacramento, CA 95814

Dear Mr. Knox

I am writing on behalf of the Glass, Molders, Pottery, and Allied Workers Union (GMP), Local No.17. We support the proposed training funded in part by the Employment Training Panel. We support the proposal being submitted to the Employment Training Panel from Gallo Glass Company.

This training will assist the company in meeting their goals. The proposed training will assist our union members in developing new skills that enable them to reach greater levels of success for them personally and that of the company.

Sincerely,

Carlos P Contreras  
President  
GMP Local Union No.17 AFL-CIO, CLC  
Office Phone: (209) 524-3088