

DELEGATION ORDER



**Training Proposal for:
E.A. Machining, Inc.**

Small Business

ET17-0130

Approval Date: June 20, 2016

ETP Regional Office: San Francisco Bay Area

Analyst: R. Jackson

CONTRACTOR

- Type of Industry: Manufacturing
Aerospace and Defense
Priority Industry: Yes No
- Number of Full-Time Employees
California: 8
Worldwide: 8
Number to be trained: 8
Owner Yes No
- Out-of-State Competition: NAICS Code Eligible
- Special Employment Training (SET): Yes No
- High Unemployment Area (HUA): Yes No
- Turnover Rate: 8%
- Repeat Contractor: Yes No

FUNDING

- Requested Amount: \$8,112
- In-Kind Contribution: \$14,040

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 SB <100 Priority Rate	Computer Skills, Cont. Imp., Mfg. Skills	8	8-60	0	\$1,014	\$17.02
				Weighted Avg: 39			

- Reimbursement Rate: \$26 SB Priority
- County(ies): Santa Clara
- Occupations to be Trained: Machine Operators, Manager, Owner
- Union Representation: Yes No
- Health Benefits: N/A

SUBCONTRACTORS

- Development Services: N/A
- Administrative Services: N/A
- Training Vendors: Delcam, Pasadena, Computer Skills
GeoPath, San Jose, Computer Skills
E2 Shop Tech, San Jose, Computer Skills
ADP, Milpitas, Continuous Improvement
Ganesh, Torrance, Manufacturing Skills
Employers Comp, San Francisco, Continuous Improvement
Liberty Mutual, San Jose, Continuous Improvement

OVERVIEW

Established in June 2001 and located in Santa Clara, E.A. Machining, Inc. (EA Machining) (www.eamachining.com) is a female/minority-owned machine shop specializing in manufacturing precision machined parts including electrical interconnect systems, high fluid transfer systems, conduit assemblies and high current connectors. The Company markets to customers in the aerospace, semiconductor manufacturing equipment, test and measurement, and electronics industries. EA Machining designs, engineers, and manufactures parts from customer specifications using Computer Numerically Controlled turning and milling centers. Its customer base includes Icore International, Creative Pathways and Millteck.

This is EA Machining's third ETP Proposal. In its first Agreement, the Company only achieved part of its goals: AS9100 Certification and the integration of new Icore-required processes. The second ETP training proposal built upon the previous Agreement training to become more efficient and maintain AS9100 certification. This resulted in a 15% sales growth for 2013. EA

Machining also reported a 20% increase in sales to Aerospace customers and attributed part of that growth to improvements in manufacturing processes stemming from ETP-funded training.

This proposal includes required AS9100 updates and skill upgrade topics in Continuous Improvement, Manufacturing and Computer Skills. Strategic goals at EA Machining related to this ETP proposal include increasing sales, expanding the customer base, improving manufacturing capacity, and advancing cross training to upgrade skills for Machine Operators. EA Machining is expanding cross-training on new manufacturing equipment (Ganesh) and processes. Additionally, the Company implemented new processes for managing customer orders and has included Computer Skills training as a part of their efforts to increase efficiency rates.

EA Machining clarified that AS9100 certifications are annual and vary in content based on periodic audits, which helps the Company design tailored training to address audit findings and maintain certification. While some curriculum titles are the same as listed in the previous Agreements, EA Machining represents the training content is updated with new content, which has not been previously delivered.

Training Plan

Training will be delivered by in-house experts and outside training vendors in the following:

Computer Skills: Training will be offered to all occupations. GeoPath and Delcam are software programs required for developing equipment programming to manufacture parts. E2 Shoptech software and ADP software training will streamline production flow to increase efficiencies.

Manufacturing Skills: Training will be provided to Machine Operators and Owner. Trainees must be proficient in operating and providing maintenance on multiple machines. Cross-training on all equipment will create a flexible workforce that will be able to meet production timeframes.

Continuous Improvement: Training will be offered to all occupations in AS9100 to maintain the certification. Example topics include Risk Management, Quality Management, Purchase order Procedures and Document Control.

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

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

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned \$ %
ET15-0125	Santa Clara	7/1/14 - 6/30/15	\$10,400	\$8,320 (80%)
ET12-0438	Santa Clara	6/26/12- 12/25/13	\$10,920	\$4,611 (42%)

EA Machining attributes its lower than expected performance on ET12-0438 to the following:

The scope of training of the Agreement was based on a consultant's projections. However, when the Agreement began, the consultant resigned for personal reasons. The Company submitted a modification in December 2012 to extend the term 6 months to allow time to find a consultant and restart training.

Once the new consultant was hired, the Company realized that it did not need as much training as was originally anticipated. The Company re-analyzed its training plan, achieved its main goal of AS 9100 Certification.

Exhibit B: Menu Curriculum

Class/Lab Hours

8-60

CONTINUOUS IMPROVEMENT

- ✚ AS 9100 Certification
 - Quality Management
 - Risk Management
 - Inspection
 - Training Records for Employees/Matrix Maintenance
 - Discrepant Material Reports
 - Return Material Authorization
 - Disposal of Parts
 - Purchase Orders Process
 - Purchasing Supplies and Procedures
 - Tool Calibration
 - Request for Quote
 - Implement 9102 Form
 - Document Control
 - Safety Training

MANUFACTURING SKILLS

- ✚ Machine Maintenance
- ✚ Machine Operations Cross-Training
 - Crowne
 - Cadet
 - Fadal
 - Puma
 - Eurotech
 - Ganesh

COMPUTER SKILLS

- ✚ GeoPath
- ✚ E2 Shoptech
- ✚ Delcam
- ✚ Tracking Software ADP

Safety Training will be limited to 10% of total training hours per-trainee.

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