



**Retrainee - Job Creation
Training Proposal for:**

Electronic Interface Company, Inc. dba Applied Engineering

Small Business ≤ \$50,000

ET16-0205

Approval Date: October 6, 2015

ETP Regional Office: San Francisco Bay Area

Analyst: R. Jackson

CONTRACTOR

- Type of Industry:
 - Manufacturing
 - Engineering
 - Priority Industry: Yes No
- Number of Full-Time Employees
 - California: 50
 - Worldwide: 50
 - Number to be trained: 66
 - Owner Yes No
- Out-of-State Competition: NAICS Code Eligible
- Special Employment Training (SET): Yes No
- High Unemployment Area (HUA): Yes No
- Turnover Rate: 3%
- Repeat Contractor: Yes No

FUNDING

- Requested Amount: \$49,192
- In-Kind Contribution: \$50,000

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	Business Skills, Computer Skills, Mgmt Skills, OSHA 10/30, Mfg Skills, Continuous Impr, PL-Mfg Skills	44	8-100 Weighted Avg: 38	0	\$988	\$16.44
2	Job Creation SB<100 Priority Rate	Business Skills, Computer Skills, Mgmt Skills, OSHA 10/30, Mfg Skills, Continuous Impr, PL-Mfg Skills	22	8-60 Weighted Avg: 10	0	\$260	\$13.70*

*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, regardless of the wage expressed in this table.

- Reimbursement Rate: Job #'s 1 and 2: \$26 SB Priority
- County(ies): Santa Clara
- Occupations to be Trained: Administrative Staff, Technical Staff, Supervisor, Manager, Production Staff
- Union Representation: Yes
 No
- Health Benefits: Job #1: \$3.44 per hour, Job #2: \$3.20 per hour

SUBCONTRACTORS

- Development Services: Sallyanne Monti Consulting in San Francisco assisted with development for a flat fee of \$3,600.
- Administrative Services: Sallyanne Monti Consulting will also provide administrative services for a fee not to exceed 13% of payment earned.
- Training Vendors: To Be Determined

OVERVIEW

Electronic Interface Company, Inc. dba Applied Engineering (AE), a small business founded in 1978, manufactures custom precision metal products for domestic and international companies in the automotive, semiconductor, chemical, and medical industries. The Company's customization services include testing to support design and production. The Company also offers information technology consulting, a range of engineering support services, and patent consulting services. Customers include Ultratech Steppers, Morpho Detection and Nordson. The Company has two locations: one in San Jose and the other, newly acquired, in Hayward.

PROJECT DETAILS

This is AE's fourth proposal for ETP funding, second in the last 5 years. The first two Agreements reinforced a train-the-trainer program and supported the Company's high-performance workplace initiatives, including the implementation of aerospace certification standards. The most recent Agreement ending in 2011 (ET09-0426) reinforced the Company's quality control efforts and upgraded skills to operate new manufacturing equipment related to products and services in hybrid automotive, solar, and nanotechnology-based markets. The proposed training aims to increase the Company's competitiveness by improving quality and broadening employee skillsets related to new products and services. Some of the training was included in previous Agreements. However, trainees will not receive duplicate training.

The Company is undergoing rapid growth in medical device components, solar products, and silicon flat panel repair assemblies. To offset the growth, the Company is aiming to upgrade skills pertaining to the use of new tools and software (est. \$382,000 in costs). The Company also recently repurposed 2,000 square feet of an assembly area and expanded into a new facility in order to meet demand. The Company's continued growth requires a focus on high-quality, intensive training that will provide workers with the technical skills to perform efficiently at high levels. This includes:

- ISO13485 (an internationally recognized quality certification specific to the design and manufacture of medical device components) implementation, needed for advanced manufacturing of medical devices
- training on customized tools and testing equipment for quality control purposes
- the introduction of new cloud technology to improve newly implemented, around-the-clock customer services
- New clean room training for the introduction of Vacuum Tester and Residual Gas Analyzer (RGA) services

Retrainee - Job Creation

In support of Job Creation, the Panel is offering 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.

The Company will expand existing business capacity by committing to hire 22 new employees (Job Number 2). New employees will also be needed to operate new equipment. 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.

Training Plan

Business Skills: Training will be offered to Administrative Staff, Supervisors, and Managers. Training will help staff improve customer service and manage its sales and purchases.

Computer Skills: Training will be offered to all occupations. Training will help the Company fully maximize features of new software implementations and ensure compatibility with customer correspondence. With this training, the Company expects to reduce customer response lead time by 5% and re-work by 3%.

Continuous Improvement: Training will be offered to all occupations. Key process owners from Administrative Staff, Technical Staff, Production Staff, Supervisors, and Managers formed an implementation committee and identified areas of the business that are experiencing new processes as a result of recent upgrades in certifications, new tools and new technology. The key process owners will receive training in how to apply the overall principles. Once they are finished, they will then be counted on to train their individual areas of the job.

Management Skills: Training will be offered to Supervisors and Managers only. This training will help develop the leadership skills that the Company will need to increase productivity and meet quality demands.

Manufacturing Skills: Training will be offered to Production Staff, Technical Staff, Supervisors, and Managers. Training will help employees maximize the use of new tools and technology to fulfill customer orders. Training will help the Company reach its goal of increasing production capability by 10%.

Certified Safety Training

OSHA 10/30. This training is a series of courses “bundled” by industry sector and occupation. It consists of 10 hours of classroom training for journey-level workers and 30 hours for frontline supervisors. 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. OSHA skills will be delivered to key individuals in all occupations to expand in-house expertise and minimize safety incidents.

Productive Laboratory

Productive Laboratory (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. A task competency list is on file and supports the request for Manufacturing Skills to be delivered via PL.

AE estimates that 44 trainees (Technical Staff, Supervisor, Manager, Production Staff) will receive up to 24 hours of PL at a 1:1 trainer-to-trainee ratio. For PL, the Company will utilize an experienced trainer to specify the scope of work; explain the process and needed equipment; and verify that the trainee understands standards, specifications, and safe operation of equipment. The trainer will observe the employee perform the tasks, provide feedback, assist with re-work if necessary, and ensure that the task has been performed correctly.

Modifications

Small Businesses are limited to a maximum of 60 hours per-trainee. AE is requesting an increase in the maximum from 60 hours to 100 hours to accommodate two employees involved in the train-the-trainer program for the implementation of ISO13485 (Job Number 1).

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

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

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned \$ %
ET09-0426	San Jose	02/02/2009- 02/01/2011	\$198,900	\$158,827 (80%)

Exhibit B: Menu Curriculum**Class/Lab Hours/ E-learning**

Job #1: 8-100

Job #2: 8-60

Trainees may receive any of the following:

BUSINESS SKILLS

- ✚ Sales, Purchasing & Customer Service for New Customers & Products
 - Customer Service Management
 - Cost Management & Forecasting
 - Materials Management
 - Negotiation Skills
 - Program Management
 - Sales Techniques
 - Supplier Management

COMPUTER SKILLS

- ✚ Cloud-based Storage Advancements
- ✚ High Performance Wi-Fi Technology for Advancements
- ✚ Microsoft Windows 365 Suites
- ✚ New Servers for Upgraded Software Systems

CONTINUOUS IMPROVEMENT

- ✚ FDA Criteria Overlap Requirements
- ✚ ISO 9001 Overlap Requirements
- ✚ ISO 13485 Medical Device
- ✚ New Process Improvement

MANAGEMENT SKILLS (Managers and Supervisors only)

- ✚ Managing Rapid Productivity & Logistics Growth

MANUFACTURING SKILLS

- ✚ Custom Equipment, Tooling & Testing Practices
- ✚ Customized Product FDA Manufacturing Criteria
- ✚ New Advanced Manufacturing Technology
 - Clean Room Technologies
 - Flat-Panel Laser Assembly & Tools
 - Machining Advancements
 - Micron Interferometer Alignment
 - Motion-stage Alignment

OSHA 10/30 (Certified OSHA Instructor)

- ✚ OSHA 10 (must complete 10 hours)
- ✚ OSHA 30 (must complete 30 hours)

Productive Lab

0-24

MANUFACTURING SKILLS (1:1 trainer-to-trainee ratio)

- ✚ Custom Equipment, Tooling & Testing Practices
 - Electro Magnetic Box Build
 - Inductor Quality Testing
 - Hi-Pot Testing
 - Random Coil Winding

Note: Reimbursement for retraining is capped at 80 total hours per-trainee. PL is capped at 24 hours per-trainee.