

DELEGATION ORDER



**Retrainee - Job Creation
Training Proposal for:
Evolution Fresh, Inc.**

Agreement Number: ET16-0332

Approval Date: December 29, 2015

ETP Regional Office: North Hollywood

Analyst: M. Paccereilli

PROJECT PROFILE

Contract Attributes:	Retrainee Priority Rate Job Creation Initiative	Industry Sector(s):	Manufacturing Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	San Bernardino	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: 16,000	U.S.: 115,000	Worldwide: 143,000
<u>Turnover Rate:</u>	15%		
<u>Managers/Supervisors:</u> (% of total trainees)	20%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	Total ETP Funding
\$52,064		\$0	\$0		\$52,064

In-Kind Contribution:	100% of Total ETP Funding Required	\$61,264
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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 Imp., Literacy Skills, Mfg. Skills, PL-Mfg. Skills	102	8-200	0-7	\$432	\$15.07
				Weighted Avg: 24			
2	Retrainee Priority Rate Job Creation Initiative	Business Skills, Computer Skills, Continuous Imp., Literacy Skills, Mfg. Skills, PL-Mfg. Skills	10	8-200	0-7	\$800	* \$12.33
				Weighted Avg: 40			

* 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: \$15.07 in Job Number 1 and \$12.33 in Job Number 2 in San Bernardino 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

Job Number 1: Up to \$3.00 per hour may be used to meet the Post-Retention Wage.

Job Number 2: Up to \$0.33 per hour may be used to meet the Post-Retention Wage.

Job 1 & 2 Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
Production Worker		50 5
Sanitation Worker		10
Administrative Staff		8
Maintenance Worker		9
Distribution Staff		10
Quality Staff		8
Supervisor		6
Manager		6

INTRODUCTION

Founded in 1992, Evolution Fresh, Inc. (EFI) (www.evolutionfresh.com) manufactures premium fresh fruit and vegetable juices and smoothies using High Pressure Processing (HPP) also

known as cold pressure or Pascalization. EFI was acquired by Starbucks Corporation in 2011. Since Starbucks' acquisition of the brand, it has exceeded its aggressive growth plans and currently has products in more than 8,000 Starbucks locations, groceries and other EFI retailers. In 2013, the Company opened a new state-of-the-art EFI juicer in Rancho Cucamonga that will quadruple the brand's production of cold-pressed, never-heated juice, featuring the most advanced technology including High Pressure Processing (HPP) machines. HPP is a method that utilizes a high level of isostatic pressure transmitted by water which delivers more of the flavors and nutrients of raw fruits and vegetables than traditional heat pasteurized juices. This maintains their natural flavor, color and nutritional value; and permits a longer shelf life than raw juices allowing more consumers access to high-quality cold-pressed and squeezed juice.

EFI's new \$70 million, 264,000 sq. ft. facility is one of the largest HPP juicers in the United States capable of sourcing, peeling, squeezing and pressing raw fruits and vegetables. It is expected to produce four times more than its original juicer. This Rancho Cucamonga facility will be the focus of the training in this proposal.

Retrainee - Job Creation

The move to a larger facility has involved the introduction of new products, increase sales and anticipated growth. EFI needs to hire additional staff to support and successfully manage this growth and initiatives. As a result of the increased staffing needs, the Company is committed to hiring 10 new employees in this proposal (Job Number 2).

In support of 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. To be eligible for reimbursement, trainees must be hired within the three-month period prior to Panel approval or during the term of contract. These trainees will be hired into "net new jobs" as a condition of contract.

PROJECT DETAILS

Training Plan

This will be EFI's second ETP Agreement within the last five years. This new proposal will be a continuation of the training in the first ETP Agreement. However, this proposal will include some additional topics, expansion of initial topics, and new employees who did not participate in the first Agreement. EFI's primary goals are to run the new plant efficiently and to meet customer expectations. Many of the incumbents' job skills will change in line with the new equipment and plant layout. The Company must retrain all existing staff as well as the newly-hired employees to further its objectives.

Manufacturing Skills (20%) – Training will be offered to Production, Maintenance, Quality and Sanitation Workers to operate and maintain new equipment and incorporate new production processes into the workplace. EFI will provide extensive cross-training to maximize flexibility in the plant.

Business Skills (20%) – Training will be offered to Administrative Staff, Managers and Supervisors in order to understand new and updated business operations, improve customer service response time and quality, expand market outreach, and enhance communication skills. This training will be delivered as a class/lab and Computer Based-Training (CBT). CBT will serve as a supplement to the Business Skills class/lab training either as a prerequisite or as a follow-up to ensure trainee's competency in the subject matter. CBT is capped at 50% of the total training hours per trainee.

Computer Skills (15%) – Training will be offered to all occupations enabling them to use computer technology to add accuracy and efficiency to daily operations.

Continuous Improvement (40%) – Training will be offered to all occupations to teach staff to plan and control production, identify process problems and implement solutions, reduce waste, and assure product quality.

Literacy Skills (5%) - Training will be offered to Production Workers whose primary language is one other than English. Improved verbal and written communication skills will help trainees understand workplace terminology, follow written and verbal directions, and thus improve job performance.

Productive Laboratory

The Panel recently adopted regulations to authorize reimbursement for training delivered in a Productive Laboratory (PL) setting. PL trainees may produce goods for profit as part of the training in the courses identified under the Curriculum.

Productive Lab training of up to 40 hours will be delivered to approximately 74 newly-hired and incumbent Production, Sanitation, and Maintenance Workers on a variety of new juice processing equipment and machinery. Working directly on the production line has been deemed the most viable training method, since it is impossible to move machinery into a class/lab setting.

The trainer-to-trainee ratio for PL training will be 1:1. Trainers will demonstrate proper equipment usage and observe the trainee during the entire reported training time. The trainer will make corrections, as needed, and proceed to the next step in the process (“show, observe, correct, observe”). A list of PL Tasks and Competencies has been provided to ETP staff. Trainers will be experienced in the operation of each piece of equipment, will document trainees’ progress, and determine when a trainee is qualified to operate equipment independently. The trainer will be dedicated to training delivery during all hours of training and special attendance rosters will be used to assist in monitoring.

Commitment to Training

EFI spends approximately \$100,000 annually on training California workers in food safety, good manufacturing practices, and basic job skills training using both class/lab and on-the-job methodologies. Training has been primarily for production associates.

ETP funding will allow EFI to bolster its training resources to reach a larger incumbent audience and cultivate a team of new workers to begin working and contributing the Company’s objectives more quickly than would otherwise be possible.

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.

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

The following table summarizes performance by EFI under ETP Agreements that were completed within the last five years:

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned \$ %
ET14-0232*	Rancho Cucamonga	12/23/13 - 12/22/15	\$207,648	\$52,342 (25%)

*ET14-0232: This Agreement ended on 12/22/15. Based on the ETP Systems, 2,831 reimbursable hours have been tracked for potential earnings of \$52,342 (25% of approved amount). However, no final payment has been submitted at this time. Contractor anticipates completion of 72 trainees which will be submitted in the Final Closeout Invoice. EFI has 30 days from the contract term end date to submit the Final Closeout Invoice. The new proposal has been right-sized to the potential earned amount.

EFI moved to its new facility in 2013 and the ETP contract started shortly thereafter. Due to the unanticipated needs of the business and change of facility, scheduling trainees to be off the production floor and away from their responsibilities was challenging. Consequently, the lack of availability of trainees affected the ETP training. In addition, there were many trainees who received training, but did not reach the required minimum of 24 hours, which also impacted its ability to successfully earn the contract amount.

To support the success in this proposal, a Senior Learning Specialist role has been created and is dedicated to scheduling training and administration of the ETP program. EFI is now settled in the new facility under Starbucks ownership. The Company has hired more new staff since the move, allowing coverage for those scheduled for training. This proposal will also have lower required minimum training hours per trainee (8 hours) which will assist in maximizing results for the Company.

DEVELOPMENT SERVICES

N/A

ADMINISTRATIVE SERVICES

N/A

TRAINING VENDORS

To Be Determined

Exhibit B: Menu Curriculum**Class/Lab Hours**

8-200

Trainees may receive any of the following:

BUSINESS SKILLS

- Communication and Client Servicing
- Advanced Customer Relationships
- Business Operations and Procedures

COMPUTER SKILLS

- System Networking and Controls
- Microsoft Office (Intermediate and Advanced)

CONTINUOUS IMPROVEMENT

- Change Management
- Team Leadership & Goal Setting
- Lean Manufacturing / Six Sigma
- Total Productive Maintenance
- Distribution & Enterprises Resource Planning (DRP & ERP)
- Root Cause Analysis & Problem Solving
- Statistical Process Control (SPC)
- Leadership Skills for Frontline Workers

LITERACY SKILLS

- Vocational English as a Second Language (VESL)
 - Verbal Skills - Workplace Terminology
 - Writing Skills – Data Collection and Reporting

* Literacy Training cannot exceed 45% of total training hours per-trainee

MANUFACTURING SKILLS

- Production Equipment Usage
- Maintenance Skills
- Food Safety
- Good Manufacturing Practices (GMP)

*Safety Training cannot exceed 10% of total training hours per-trainee

Productive Lab Hours

0-40

PRODUCTIVE LAB (PL)- MANUFACTURING SKILLS (Ratio 1:1)

- Production Equipment Usage
- Maintenance Skills

CBT Hours

0-7

BUSINESS SKILLS

- Email Protocol (50 min)
- Writing Effective Emails (50 min)
- Keys to Communicating by Telephone (30 min)
- Writing Techniques (30 min)
- Business Writing (50 min)
- Articulate the Attributes of Your Ideas (30 min)
- Be a Significant Meeting Member (30 min)
- Ensure Cross-Functional Coordination (30 min)
- Valuing Diversity in the Workplace (50 min)
- Change Management – Managing Change (50 min)

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. PL is capped at 40 hours per-trainee.