



**Retrainee - Job Creation
Training Proposal for:
F. Lofrano & Son, Inc.**

Small Business ≤ \$50,000

ET16-0162

Approval Date: August 31, 2015

ETP Regional Office: San Francisco Bay Area

Analyst: R. Jackson

CONTRACTOR

- Type of Industry: Services
- Priority Industry: Yes No
- Number of Full-Time Employees
 - California: 74
 - Worldwide: 74
 - Number to be trained: 52
 - Owner Yes No
- Out-of-State Competition: No OSC
- Special Employment Training (SET): Yes No
- High Unemployment Area (HUA): Yes No
- Turnover Rate: 12%
- Repeat Contractor: Yes No

FUNDING

- Requested Amount: \$39,512
- In-Kind Contribution: \$34,000

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 SET	Business Skills, Commercial Skills, Computer Skills, Cont. Imp., HazMat, PL-Computer Skills, PL-Commercial Skills	42	8-60	0	\$726	\$27.40
				Weighted Avg: 33			
2	SB<100 SET Job Creation	Business Skills, Commercial Skills, Computer Skills, Cont. Imp., HazMat, PL-Computer Skills, PL-Commercial Skills	10	8-60	0	\$902	\$13.70
				Weighted Avg: 41			

- Reimbursement Rate: Job #'s 1 & 2: \$22 SB Non-Priority
- County(ies): Marin, San Francisco
- Occupations to be Trained: Manager, Estimators, Technicians, Administrative Staff, Parts Staff
- Union Representation: Yes
 No
- Health Benefits: Job #1: \$2.40 per hour Job #2: \$0.70 per hour

SUBCONTRACTORS

- Development Services: Synergy Management Consultants LLC, Grass Valley, assisted with development for a flat fee of \$2,375.
- Administrative Services: Synergy Management Consultants LLC will also provide administrative services for a fee not to exceed 13% of payment earned.
- Training Vendors: ICAR (Los Angeles), CCCOne (Tracy) and PRG Refinish Systems (San Francisco) will provide Commercial Skills.

OVERVIEW

Founded in 1974, F. Lofrano & Son, Inc. (Lofrano) (www.lofrano.com) (Lofrano) provides automotive repair services and sales of parts and accessories. The Company currently has three facilities in San Francisco and one in San Rafael.

Lofrano is expanding into an area of the automotive repair market which requires new equipment and certifications to service aluminum vehicles and trucks. The Company is gaining customers by developing relationships with Direct Repair Programs such as insurance providers E-Surance, Farmers, Nationwide and Allied. Both insurers and auto manufacturers require specific training certifications. ETP's help will allow the Company to offer Technicians, (60% of the trainees) training that would otherwise not be feasible. New training certifications now require over 120 hours per technician, per year. This is due to industry shifts prompted by changes in manufacturing metals to meet fuel efficient standards set by the Department of Transportation National Highway Traffic and Safety Administration.

Upgrading worker skills will help Lofrano remain competitive and will increase the quality and safety of repairs. The Company has recently invested in new tools and equipment totaling over \$50K to keep pace with rapid industry changes, but additional training, especially for recent Technician graduates is needed. New Technician graduates generally lack sufficient experience to work independently. The training planned addresses gaps in methods, strengthens tool use skills, and addresses an array of tasks to complete service jobs with a high level of precision.

The automotive collision repair industry has experienced changes to processes and materials as new vehicles must meet Corporate Average Fuel Economy (CAFE) standards. CAFE standards require a much higher level of fuel economy and vehicle weight is a significant factor. To meet these standards, manufacturers are reducing the weight of new vehicles by incorporating materials such as aluminum, ultra high strength steels, borons, and composites. These new materials and methods of vehicle construction require different methods of repair. Alternative fuel, hybrid technology and electric vehicles also require different repair methods. These changes create the need to re-tool and retrain employees to handle the repairs and to provide accurate estimates. Industry specific training such as Inter-Industry Conference on Auto Collision Repair (ICAR) and Automotive Service Excellence (ASE), are examples of training standard expectations set by insurance companies. Training in software systems and quality improvements are necessary at all locations to ensure consistency, timely reporting to insurance companies, and improve customer service.

Training Plan

Training will begin in August 2015 and will be provided by in-house trainers and vendors. Training will be provided in the following:

Business Skills - Training will be provided to Administrative Staff, Estimator and Manager. This training is necessary for employees to understand the sales and claims processes and understand how their job function impacts the total customer experience.

Commercial Skills - Training will be provided to Technicians, Estimators and Managers. Training will include maintenance-service, new vehicle technologies, aluminum, electric and hybrid repair, and extended ICAR credentials. Topics will also include certification for BMW, Toyota, Ford, Chrysler, GM, Nissan and other specific original equipment manufacturers. Sales Staff will need this training to understand the changes in the manufacturing process and be able to accurately estimate damage and create repair plans for the Technicians.

Computer Skills - All occupation will receive training relevant to their job functions. The training is necessary to accurately assess current conditions, set objectives, notice trends and communicate in a high- flow environment. The collision industry has seen changes in how insurers and other partners exchange data. The Direct Repair Programs requires trainees to be updated on new processes and procedures. Computer Skills will enable the Company to use IT systems to track costs; plan production and service flow while communicating with customers, potential customers and employees. Training will provide skills to reduce waste, and maximize efficiency and productivity.

Continuous Improvement - Training will be provided to all occupations to improve quality, cycle time, and cost efficiency by implementing Lean Production and Quality Control Process systems. These processes identify service, production and flow issues as well as their root causes. This training will provide solutions to improve quality, reduce waste and defects across all areas of the Company. Lofrano expects to increase efficiency by 15% with continuous improvement training.

Hazardous Materials – Training will be delivered to Technicians and will cover hazardous materials handling and disposal. Toxic debris, waste, and other contaminated materials are often processed during automotive repair work. Training will give trainees the skill sets needed to manage materials encountered during collision repair and clean-up.

Productive Laboratory

The Panel adopted regulations March 2011 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 and with no more than one trainee per instructor. The instructor must be dedicated to training delivery during all hours of training, and special attendance rosters will be used to assist in monitoring. A task competency list is on file and supports the request for Commercial and Computer Skills to be delivered via PL.

Lofrano estimates that 26 Technicians and Estimators will receive up to 18 hours of PL training. PL training for Technicians and Estimators the newly-hired will receive the most hours. PL training will utilize an experienced trainer to specify the scope of work, explain the process and needed equipment, verify that the trainee understands standards and specifications. The trainer will observe the employee perform the task, provide feedback, assist with re-work if necessary, and ensure that the task has been performed correctly to ensure that the employee understands the process and is proficient in the task.

The PL trainer-to-trainee ratio will not exceed 1:1 and will be capped at 18 hours per trainee.

Retrainee - Job Creation

In October 2015, Lofrano will open a fifth service location in San Francisco and needs to hire and train an estimated ten employees. The Company projects a sixth location to also open in the later part of 2016. Lofrano projects a 20% (2015-16) revenue growth from parts and automotive repair services. Lofrano is entering a niche market offering specialty repairs to service trucks and new aluminum vehicles. The changes in the recently increased business further influenced the decision to open a new shop in San Francisco and invest in new equipment, and acquire new employees.

Until the new facility is fully operational newly hired employees will be placed to work and trained at its headquarters location in San Francisco and recruitment is now underway. The

Company has verified that there is ample space in their existing garage to accommodate the new employees.

Lofrano 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 the contract.

RECOMMENDATION

Staff recommends approval of this proposal.

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

8-60

Trainees may receive any of the following:

BUSINESS SKILLS

- Customer Care Skills
 - Customer Retention
 - Customer Engagement
 - Customer Relationship Building
- Advanced Sales & Marketing Skills
 - Prospecting & Closing
 - Sales Account Management
 - Advanced Closing Techniques
 - Sales Procedures & Strategies
- Negotiation Skills
- Conflict Resolution
- Communication Skills
- Presentation Skills
- Strategy Business acumen

COMMERCIAL SKILLS

- I-CAR Collision Repair Certification Skills
- Refinishing Skills
 - Trim & Hardware
 - Surface Preparation
 - Vehicle Priming/Sealing
 - Paint Spray Guns Maintenance & Set-Up
 - Corrosion Protection Process
 - Sand, Buff & Detail
 - Color Theory & Tints
 - Blending Techniques
 - New Technologies
- Structural Repair
 - Unibody Alignment
 - Three Dimensional Measuring
 - Repair & Replacement of Outer Body Panels
 - High Strength Steels
 - Aluminum Repair Processes
 - MIG Welding Skills
 - Straightening Structural Damage
 - Glass Replacement
 - Pillars, Rocker Panels, Rails, Front Structures & Floor Pan Replacement
 - Heating Cooling and AC Systems
 - Steering & Suspension Systems
 - Advanced Vehicle Systems
 - Composite Materials and Bonding Techniques
- Non-Structural Vehicle Repair Skills
 - Remove & Install Trim & Hardware

- Adhesive Bonding
- Diagnose Wind Noise & Water Leaks
- Aluminum Cosmetic Damage
- Spot Welding
- Composite repair
- Hazardous Materials
- Estimating Skills
 - Steering & Suspension System Damage Analysis
 - Damage on Non-Drivable Vehicles
 - Electrical/Mechanical Systems
 - Stationary Glass
 - Advanced Materials
 - Advanced Vehicle Systems
- Vehicle Operation, Maintenance & Troubleshooting
- Alternative Fuel & Hybrid Vehicle Repair Diagnostics
- Service Procedures & Scheduling
- Product Knowledge
- Original Equipment Manufacturer Knowledge/Skills
 - Ford, Chrysler, Nissan, Honda, BMW, Mercedes-Benz, Tesla

COMPUTER SKILLS

- CCCOne Software
 - Job Costing
 - Production Flow
 - Production Planning - ETA Times & Dates
 - Internal & External Customer Communication
- Mitchell & Mitchell Repair Center Software
- CCC Info Systems Software
- Alldata Software
- Microsoft Office Suite

CONTINUOUS IMPROVEMENT

- Leadership Skills
- Teambuilding
- Root Cause Analysis
- Kaizen Event Strategy & Implementation
- Lean Concepts
- Process/Quality Improvement
- Problem Solving/Decision Making Skills
- Inventory Control

HAZARDOUS MATERIALS

- Volatile Organic Compound Tracking
- Emergency Clean-Up
- Registration, Evaluation, Authorization & Restriction of Chemical Substances

Productive Lab

0-18

COMPUTER SKILLS (Ratio 1:1)

- Estimating Systems Software
 - Mitchell & Mitchell Repair Center Software
 - CCC Info Systems Software
 - Alldata Software

COMMERCIAL SKILLS (Ratio 1:1)

- Body Filler Methods
- Structural Resistance Spot Welding
- Mig Brazing
- Color Tinting
- Spraying/Blending
- Measuring Vehicle Structures
- Alignment Process For Unitized Vehicles
- Alignment Process For Full-Frame Vehicles
- Aluminum Repair
- Technical Estimating Skills
- Estimatics Direct Repair Program

Note: Reimbursement for retraining is capped at 60 total hours per-trainee, regardless of method of delivery. PL is capped at 18 hours per-trainee.