RETRAINEE - JOB CREATION

Training Proposal for:

Foster Poultry Farms

Agreement Number: ET18-0170

Panel Meeting of: February 22, 2018

ETP Regional Office: Sacramento        Analyst: K. Mam

PROJECT PROFILE

<table>
<thead>
<tr>
<th>Contract Attributes:</th>
<th>Priority Rate Retraineer HUA Veterans Job Creation</th>
<th>Industry Sector(s):</th>
<th>Manufacturing Agriculture Goods Movement Priority Industry: ☒ Yes ☐ No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Counties Served:</td>
<td>Fresno, Merced, Stanislaus, Los Angeles</td>
<td>Repeat Contractor:</td>
<td>☒ Yes ☐ No</td>
</tr>
<tr>
<td>Union(s):</td>
<td>☒ Yes ☐ No United Food &amp; Commercial Workers International Union 8; Teamsters Local Union No. 386; United Farm Workers of America; Teamsters Local No. 63</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of Employees in:</th>
<th>CA: 9,218</th>
<th>U.S.: 12,920</th>
<th>Worldwide: 12,920</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover Rate:</td>
<td>14%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managers/Supervisors:</td>
<td>5%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

FUNDING DETAIL

<table>
<thead>
<tr>
<th>Program Costs</th>
<th>(Substantial Contribution)</th>
<th>(High Earner Reduction)</th>
<th>= Total ETP Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>$717,600</td>
<td>$34,050 (15% Jobs 1 &amp; 4)</td>
<td>$0</td>
<td>$683,550</td>
</tr>
</tbody>
</table>

In-Kind Contribution: 100% of Total ETP Funding Required: $754,000
## TRAINING PLAN TABLE

<table>
<thead>
<tr>
<th>Job No.</th>
<th>Job Description</th>
<th>Type of Training</th>
<th>Estimated No. of Trainees</th>
<th>Range of Hours</th>
<th>Average Cost per Trainee</th>
<th>Post-Retention Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Retrainees Priority Rate HUA</td>
<td>Business Skills, Comm’t Skills, Computer Skills, Cont. Imp., HazMat, Mgmt. Skills, Mfg. Skills</td>
<td>450</td>
<td>8-200</td>
<td>0</td>
<td><strong>$367</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Weighted Avg: 24</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Retrainees Priority Rate HUA</td>
<td>Business Skills, Comm’t Skills, Computer Skills, Cont. Imp., HazMat, Mgmt. Skills, Mfg. Skills</td>
<td>750</td>
<td>8-200</td>
<td>0</td>
<td>$432</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Weighted Avg: 24</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Retrainees Priority Rate Job Creation HUA</td>
<td>Business Skills, Comm’t Skills, Computer Skills, Cont. Imp., HazMat, Mgmt. Skills, Mfg. Skills</td>
<td>100</td>
<td>8-200</td>
<td>0</td>
<td>$1,200</td>
</tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>Weighted Avg: 60</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Retrainees Priority Rate HUA Veterans</td>
<td>Business Skills, Comm’t Skills, Computer Skills, Cont. Imp., HazMat, Mgmt. Skills, Mfg. Skills</td>
<td>60</td>
<td>8-200</td>
<td>0</td>
<td><strong>$448</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Weighted Avg: 24</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Retrainees Priority Rate HUA Veterans</td>
<td>Business Skills, Comm’t Skills, Computer Skills, Cont. Imp., HazMat, Mgmt. Skills, Mfg. Skills</td>
<td>90</td>
<td>8-200</td>
<td>0</td>
<td>$528</td>
</tr>
</tbody>
</table>

* It will be made a condition of contract that these trainees will never be paid less than the State or local minimum wage rate as in effect at the end of retention regardless of the wage expressed in this table. The highest minimum wage rate will prevail.

** Reflects 15% Substantial Contribution

### Minimum Wage by County:
- Job Numbers 1-2, 4-5 (HUA): $13.25 per hour for Los Angeles County and $12.53 per hour for Fresno, Stanislaus and Merced Counties.
- Job Number 3 (Job Creation/HUA): $13.25 per hour for Los Angeles County and $11.00 per hour for Fresno, Stanislaus, and Merced 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
- Up to $0.65 per hour may be used to meet the Post-Retention Wage for Job Numbers 1-2, 4-5; and up to $1.25 per hour in Job Number 3.
<table>
<thead>
<tr>
<th>Occupation Titles</th>
<th>Wage Range</th>
<th>Estimated # of Trainees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Numbers 1 and 2 (Retrainees)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative Staff</td>
<td>49</td>
<td></td>
</tr>
<tr>
<td>Quality Assurance Staff</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>Poultry Inspector</td>
<td>45</td>
<td></td>
</tr>
<tr>
<td>Sanitation Staff</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>Manager</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>Distribution Staff</td>
<td>71</td>
<td></td>
</tr>
<tr>
<td>Supervisor</td>
<td>70</td>
<td></td>
</tr>
<tr>
<td>Maintenance Mechanic</td>
<td>52</td>
<td></td>
</tr>
<tr>
<td>Production Operation Staff</td>
<td>798</td>
<td></td>
</tr>
<tr>
<td><strong>Job Number 3 (Job Creation)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative Staff</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Quality Assurance Staff</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Sanitation Staff</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Poultry Inspector</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Distribution Staff</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Maintenance Mechanic</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Production Operation Staff</td>
<td>85</td>
<td></td>
</tr>
<tr>
<td><strong>Job Numbers 4 &amp; 5 (Veterans)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative Staff</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Quality Assurance Staff</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Poultry Inspector</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Sanitation Staff</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Manager</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Distribution Staff</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Supervisor</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Maintenance Mechanic</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Production Operation Staff</td>
<td>94</td>
<td></td>
</tr>
</tbody>
</table>

**INTRODUCTION**

Founded in 1939 and headquartered in Livingston, Foster Poultry Farms (Foster Farms) ([www.fosterfarms.com](http://www.fosterfarms.com)) is the largest poultry producer in the Western United States. The Company's farms grow, process, package, and ship its products to grocery stores and restaurants throughout the United States. Products includes fresh chicken, chicken and turkey deli products,
Frozen appetizers, franks, and corn dogs. Training under this proposal will be delivered at the Company’s headquarters and seven other locations throughout California.

Union Support

Workers are represented by United Food & Commercial Workers International Union 8, Teamsters Local Union No. 386, and United Farm Workers of America. Letters of support for this training project have been received.

PROJECT DETAILS

This is Foster Farm’s fourth ETP Agreement, and the third in the last five years. In the previous proposal, the Company focused on implementing British Retail Consortium (BRC) safety and quality standards. Training under this proposal will focus on new equipment being installed early this year at the Livingston facility and at the end-of-the-year for its other facilities. Existing equipment and processes within the evisceration line will also be modified to provide a high-performance workflow. The Company has invested over $17M on new poultry self-inspection stations, deboning equipment, and equipment re-tooling to increase production and efficiencies. Staff must be trained on new equipment and computer-assisted controls, maintenance and repair, and inspection protocols in the production processes.

With the integration of new and upgraded equipment, the Company will also implement a self-inspection initiative which requires extensive training of in-house inspectors to ensure quality control and food safety requirements are met. Training will ensure all phases of inspection protocols are met during the production process.

The Company will also continue training on World Class Manufacturing including LEAN, Just-in-Time, 5S, BRC standards and Food Safety Precautions. Although training topics are similar to those provided in the prior Agreement, trainees will not repeat the same training courses previously received.

Retrainee - 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.

With the integration of new deboning equipment and self-inspection stations throughout the plants in California, Foster Farms has committed to hiring 100 new employees identified in Job Number 3. The date-of-hire for trainees 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

Training will be delivered via classroom/laboratory methods by in-house experts and vendors as needed in the following:

**Business Skills:** Training will be offered to Administrative Staff and Managers. Training will focus on fostering skills that build client relationships with excellent customer service. Training topics includes Account Development, Effective Communications, and Vendor Relations.

**Commercial Skills:** Training will be offered to Maintenance Mechanics, Poultry Inspectors, Production Operation, Quality Assurance, Distribution and Sanitation Staff. Training will focus on
programming, repair, and equipment diagnostic. Training topics include Industrial Electrical Training, Rotary Pump/Valve Repair and Maintenance, and Refrigeration System Repair and Maintenance.

**Management Skills:** Training will be offered to Managers and Supervisors and focus on effectively managing staff. Training topics include Strategic Planning and Change Management.

**Computer Skills:** Training will be offered to all occupations. Training will focus on upgrades to the Company’s SAP/MRP/ERP systems and computer assisted controls for new equipment being installed. Training topics include Advanced SAP/MRP/ERP Training and Computer-Assisted Machinery Controllers.

**Manufacturing Skills:** Training will be offered to Maintenance Mechanics, Poultry Inspectors, Production Operation, Quality Assurance, Distribution and Sanitation Staff. Training will focus on proficient set up, operation, and cleaning of all new production equipment. Training topics include Production Equipment Operation and Preventative Maintenance, Materials Handling Equipment Training and Machine Line Optimization.

**Continuous Improvement:** Training will be offered to all occupations. Training will focus on LEAN Manufacturing and insuring the highest level of quality, food safety, and customer satisfaction. Training topics include LEAN Manufacturing, Poultry Inspection Best Practices and BRC.

**Hazardous Materials:** Training will be offered to Maintenance Mechanics, Poultry Inspectors, Production Operation, Quality Assurance, Distribution and Sanitation Staff. Training will allow the workers to operate in an appropriate manner when handling hazardous materials and conditions. Training topic include Hazardous Materials (Identification, Handling, Storage, Containment, Clean-Up).

**Veterans Program**

The Panel has established a higher reimbursement rate and other incentives for training California veterans. Foster Farms has identified approximately 150 Veterans to be trained in Job Numbers 4 & 5 who have served on active full-time duty in the Armed Forces. Veterans will receive a higher reimbursement rate of $22 per hour. The Company actively works with organizations and job placement firms that seek to match veterans with its employment opportunities. The Company also participates in veteran-focused job fairs and online recruiting events.

**Substantial Contribution**

Foster Farms is a repeat contractor with payment earned in excess of $250,000 at the Livingston facility within the past five years. (See Prior Project Table.) Accordingly, reimbursement for trainees at the Livingston facility in Job Numbers 1 and 4 will be reduced by 15% to reflect the company’s $34,050 Substantial Contribution to the cost of training.

**Commitment to Training**

ETP funds will not displace the existing financial commitment to training. Safety training is provided in accordance with all pertinent requirements under state and federal law. The Company invests $400,000 per facility annually for training that includes basic safety, company orientation, and departmental on-the-job training.

- **Training Infrastructure**

  Foster Farms has a structured training plan to ensure successful implementation of new production equipment. The CEO is strongly committed to the success of this project. The
Company will utilize two dedicated employees who administered the prior ETP Agreement to oversee all training efforts and ensure recordkeeping requirements are met. Managers and a training coordinator at each location will facilitate training and roster collection. All of the above dedicated personnel will report to the Vice President of Human Resources, who will provide status reports to the CEO of Foster Farms. Additionally, the Company has engaged the services of a third-party administrator with extensive ETP administration experience to work closely with staff to complete the project successfully.

**RECOMMENDATION**

Staff recommends approval of this proposal.

**PRIOR PROJECTS**

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

<table>
<thead>
<tr>
<th>Agreement No.</th>
<th>Location (City)</th>
<th>Term</th>
<th>Approved Amount</th>
<th>Payment Earned</th>
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<tbody>
<tr>
<td>ET16-0284</td>
<td>Livingston, Fresno, Turlock,</td>
<td>2/01/16 - 1/31/18</td>
<td>$249,840</td>
<td>$8,875 (36%)</td>
</tr>
<tr>
<td></td>
<td>Compton</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ET12-0404</td>
<td>Livingston, Fresno, Turlock,</td>
<td>6/4/12 - 6/3/14</td>
<td>$495,000</td>
<td>$208,287 (42%)*</td>
</tr>
<tr>
<td></td>
<td>Compton</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ET16-0284: Based on ETP Systems, 12,490 reimbursable hours have been tracked for potential earnings of $249,840 (100% of approved amount). The Contractor expects to earn 100% after fiscal closeout.

ET12-0404: During the term of this Agreement, all three of the Foster Farms participating facilities experienced a turnover in management, which caused a delay in delivering ETP-funded training. This situation was remedied as Contractor shifted focus from production. The Company has adopted the Livingston model at all facilities to ensure a successful performance going forward.

**DEVELOPMENT SERVICES**

Strategic Business Solutions, LLC in Visalia assisted with development for a flat fee of $12,500.

**ADMINISTRATIVE SERVICES**

Strategic Business Solutions, LLC 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**
- Account Development
- Effective Communications
- Business Writing
- Vendor Relations
- Interpreting/Generating Data Reports
- Purchasing Best Practices (APICS)
- Production Planning/Scheduling
- Time Management

**COMMERCIAL SKILLS**
- Rotary Pump/Valve Repair and Maintenance
- Refrigeration System Repair and Maintenance
- Industrial Electrical Training
- Industrial Lubrication Training
- Height Training
- Confined Space Training
- Programmable Logic Controller/Variable frequency Drive

**COMPUTER SKILLS**
- Advanced SAP/MRP/ERP Training
- Computer-Assisted Machinery Controllers

**CONTINUOUS IMPROVEMENT**
- Leadership
- Teambuilding
- LEAN Manufacturing
- British Retail Consortium Advanced
- British Retail Consortium Lead/Supervisor Transition Training
- Poultry Inspection Best Practices
- Advanced Food Product Safety
- Food Product Safety
- Animal Welfare Training
- Advanced Animal Welfare Training
- Hazard Analysis and Critical Control Points Training

**HAZARDOUS MATERIALS**
- Hazardous Materials (Identification, Handling, Storage, Containment, Clean-Up)

**MANAGEMENT SKILLS** (Managers/Supervisors Only)
- Strategic Planning
- Change management
**MANUFACTURING SKILLS**
- Production Equipment Operation and Preventative Maintenance
- Food Grade Sanitation Practices
- Materials Handling Equipment Training
- Machine Line Optimization

Safety Training cannot exceed 10% of total training hours per-trainee (This cap does not apply to Hazmat, OSHA 10/30 or HAZWOPER)

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery.
December 18, 2017

Executive Director
Employment Training Panel
1100 J Street, 4th Floor
Sacramento, CA 95814

RE: ETP Training Program

Dear ETP Training Program Director:

The United Food and Commercial Workers Union 8-Golden State represents over 32,000 members in the Western United States. We represent over 3,500 members employed at four Foster Farms plants in Turlock and Fresno, California.

UFCW 8-Golden State is an ardent proponent of the ETP Training Program and strongly recommends and supports Foster Farms in their efforts to secure funding for employee training. The training program will provide our members with knowledge and skills needed to meet operational demands which in turn will enhance advancement opportunities and provide a more secure work environment for the future.

If you have any questions, please do not hesitate to contact me at (916) 786-0588.

Sincerely,

[Signature]

Joe Ciotti
Wholesale Industry Director

JC:dr
December 19, 2017

Executive Director
Employment Training Panel
1100 J Street, 4th Floor
Sacramento, California 95814

Re: ETP Training Program

To Whom It May Concern

Teamsters Local 386 supports the ETP Training Program at Foster Farms.

We represent the members employed by Foster Farms at the Delhi Feed Mill in Delhi, California. The program will provide our members with skills needed to meet operational demands which in turn will provide a more secure work environment for our members in the future.

If you have any questions, please don’t hesitate to call me at (209) 526-2755, Extension 21.

Sincerely,

[Signature]

Gaylord Phillips
Business Representative

GP/cc

Cc: Jeff P. Berdion, Secretary-Treasurer
December 28, 2017

Executive Director
Employment Training Panel
1100 J Street 4th Floor
Sacramento, CA 95814

RE: ETP Training Program

United Farm Workers of America and our workers committee, represents the bargaining unit comprised of over 2,500 employees at the Foster Farms plant in Livingston, CA.

The UFW is an ardent supporter of employee training and recognizes the importance and crucial role the ETP Training Program plays in the development of our members.

We strongly recommend and support Foster Farms in their Efforts to secure funding for training. The training will be provide our members with knowledge and skills to meet operational demanding which in turn will increase promotional opportunities and provide more secure work environment for the future.

Should you have any questions, please don’t hesitate to contact me at enavarrete@ufw.org

Sincerely,

UFW Workers Committee

Rosa M. Lopez
Jose Gonzalez
Maria Renteria
Marie de la Guadalupe
Vilma Ayala
Enrico Garcia

Erika Navarrete, National Vice President
United Farm Workers of America

Cc: John Dias HR Foster Farm
January 25, 2018

Executive Director
Employment Training Panel
1100 J Street, 4th Floor
Sacramento, California 95814

Re: ETP Training Program

To Whom It May Concern:

Teamsters Local 63 supports the ETP Training Program at Foster Farms.

We represent the members employed by Foster Farms at the Southern California Distribution Center located in El Monte, California. The program will provide our members with skills needed to meet operational demands which in turn will provide a more secure work environment for the future.

If you have any questions, please do not hesitate to contact me at (626) 859-4005, Extension 1140.

Sincerely,

Carlos Barnett
Business Representative
Teamsters Local No. 63
CB/Is