



Critical Proposal
Training Proposal for:
General Dynamics NASSCO
Agreement Number: ET15-0151

Panel Meeting of: June 27, 2014

ETP Regional Office: San Diego

Analyst: K. Campion

PROJECT PROFILE

Contract Attributes:	Critical Proposal Priority Rate Retrainee Job Creation Initiative	Industry Sector(s):	Manufacturing Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	San Diego	Repeat Contractor:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Union(s):	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No International Association of Machinists and Aerospace Workers, District Lodge 947		
Number of Employees in:	CA: 3,600	U.S.: 70,000	Worldwide: 95,000
Turnover Rate:	3%		
Managers/Supervisors: (% of total trainees)	15%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	Total ETP Funding
\$361,800		\$0	\$0		\$361,800

In-Kind Contribution:	100% of Total ETP Funding Required	\$505,635
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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	Computer Skills, Cont. Imp., Mfg. Skills, OSHA 10/30	470	8 - 200	0	\$540	\$15.60
				Weighted Avg: 30			
2	Retrainee Priority Rate Job Creation Initiative	Computer Skills, Cont. Imp., Mfg. Skills OSHA 10/30	30	8 - 200	0	\$3,600	\$13.00
				Weighted Avg: 180			

Minimum Wage by County: Job Number 1: \$15.60 per hour for San Diego County;

Job Number 2 (Job Creation Wage): \$13.00 per hour for San Diego 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

Up to \$1.00 per hour in health benefits may be used to meet the Post-Retention Wage for Job Number 2.

Wage Range by Occupation

Occupation Titles	Wage Range	Estimated # of Trainees
JOB 1 – RETRAINEE		
Shipyard Worker		200
Working Foreman & Lead		75
Engineering Staff		80
Planner/Analyst		40
Supervisor/Manager		75
JOB 2 – JOB CREATION		
Shipyard Worker		30

Critical Proposal

This proposal for General Dynamics NASSCO (NASSCO) is designated as a “Critical Proposal”, as defined in Title 22, California Code of Regulations (CCR) 4402.2, by the Governor’s Office of Business and Economic Development (Go-BIZ). NASSCO is expanding its workforce due to a significant increase in production and this project will assist NASSCO to develop new job skills for newly hired and incumbent workers.

INTRODUCTION

Located on San Diego's waterfront, NASSCO is the largest shipyard on the West Coast of the United States and is the largest heavy industrial manufacturing employer in San Diego County (www.nassco.com). NASSCO designs and builds large, ocean-going vessels for the U.S. Navy, as well as provides maintenance and repair of U.S. Navy amphibious classes of ships homeported on the West Coast. Additionally, NASSCO designs and builds oil tankers and cargo carriers for commercial markets, including ships with a variety of propulsion plants such as steam turbine, gas turbine, geared diesel, diesel-electric, and slow-speed diesel ships. It employs approximately 3,600 full-time workers in San Diego County, the majority of whom work at its San Diego shipyard, the site of the proposed training.

In the prior ETP Agreement, NASSCO needed training in *Agile Manufacturing* strategies to increase workers' skills for flexibility and quick response to changing product demands and US Navy requirements. The proposed training will focus on critical and immediate training in Advanced Manufacturing Skills for commercial ship building, Green Ship Technologies training, and the roll-out of the Company's new computer-aided design (CAD) software system for incumbent shipyard workers; and beginning Manufacturing Skills for newly-hired workers.

Union Support

The International Association of Machinists and Aerospace Workers (IAMAW), District Lodge 947, represents all Shipyard Workers included in this proposal: Machinists, Pipe Fitters and Electrical Workers. The IAMAW has submitted a letter in support of this training project.

PROJECT DETAILS

NASSCO has recently entered into contract to build seven commercial ships – both dry cargo and tankers, and to convert two additional diesel-powered ships into liquefied natural gas (LNG), all over the next three years. These ships range from 610 to 839 feet long and work has already commenced on two of the seven ships.

To complete the construction and launch of seven commercial ships within the next three years, NASSCO must immediately expand its full-time workforce (beginning in May 2014). Additionally, the Company does not have adequate incumbent workers who possess required, advanced certifications specific to the shipbuilding industry. NASSCO is severely challenged with the recruitment of workers with skill sets needed for shipyard work; therefore, incumbents and newly hired workers must immediately receive critical training. Without this training, NASSCO will not be able to meet its scheduling commitments and critical launch dates. Further, without the training, the workforce will have severe limitations with the type of work they can perform, also affecting NASSCO's ability to win future work.

Additionally, NASSCO is rolling out a new CAD system beginning in July 2014. This system will provide the Company with additional design capabilities critical for obtaining future work. All users must be trained. The Company projects it will spend close to \$1 million each year on the licensing costs of the new AVEVA Marine 12 CAD system.

Green/Clean Operations

NASSCO has recently entered into "Green Ship" technology. The Company will design and build vessels that are either powered by LNG or are LNG conversion-ready. The benefit of LNG is the significant reduction or near elimination of sulfur oxides, nitrogen oxides and carbon dioxides and particulate matter from ship emissions when compared to traditional diesel fuel.

Green Ship technology requires training for all workers to understand the components of Green/Clean Operations.

Retrainee - Job Creation

In support of Job Creation, the Panel is offering incentives to companies that commit to hiring new employees (higher reimbursement rate and a lower post-retention wage). Trainees must be hired within the three-month period prior to Panel approval or during the term of contract.

NASSCO is expanding the number of shipyard workers to ensure it meets critical, customer commitments. As a result, the Company projects to hire 800 full-time, Shipyard Workers during the term of the proposed Agreement, of whom 30 are included in this proposal (Job Number 2).

Training Plan

To ensure new employees possess critical knowledge and skills, newly hired trainees will train immediately upon hire and train up to eight weeks or a maximum of 320 hours, before competency is reached. Newly hired training includes comprehensive, classroom and laboratory training, including training in a job simulator. ETP will fund up to a maximum of 200 hours of training, and any training above 200 hours will be at NASSCO's expense. Incumbent workers will receive advanced training beginning in July 2014.

The Training Plan includes the following:

Manufacturing Skills (67%) – Training will be provided to Shipyard Workers, Working Foreman & Leads and Planners. All trainees will learn new manufacturing process improvements critical to new ship design and construction. Other training modules include advanced shipyard worker certifications and advanced planning strategies.

Computer Skills (15%) – Training will be provided to Engineering Staff, Planners, Analysts, Working Foremen & Leads and Supervisor/Managers who are CAD or other software users. Trainees will receive software application skills training relative to job functions. This training is critical to ensuring an efficient and effective transition into the new software. If the employees do not have adequate competencies with this new software, it will negatively impact NASSCO'S ability to function efficiently and bid competitively for new work.

Continuous Improvement (10%) – Training will be provided to new employees. Continuous improvement is a culture initiative. In order to fully capitalize on this initiative it must be integrated into the functions of each and every employee. To ensure all employees participate, they must understand the various continuous improvement methodologies.

Additionally, as NASSCO expands its workforce it must also increase in proportion the number of supervisors, the majority of whom will be promoted from within. Thus, new Supervisors need Leadership and Coaching Skills to prepare them for management positions.

OSHA 10/30 (8%) – Training will be provided to Shipyard Workers and Supervisors/Managers. OSHA 10/30 training is a series of courses “bundled” by industry sector and occupation. It consists of 10 hours of training for journeymen and 30 hours for supervisors. Completion of the training results in a certificate that expands employment opportunities. To ensure that each trainee receives certification, ETP will only consider payment earned upon completion of the full 10-hour or 30-hour course.

Impact/Outcome

The expected outcome of the ETP training project is the ability to get new workers trained immediately, which will allow for improved flexibility and response to changing business needs. Advanced manufacturing certification training will allow NASSCO to complete its current contracts on time, and bid more competitively for new contracts, thereby providing steady work for employees and suppliers. Training is also expected to assist the Company in lowering its costs, improving schedule adherence, and delivering higher quality products.

Substantial Contribution (Critical Proposal)

Title 22, CCR, Section 4402.2 Critical Proposal states that the Panel may modify the Substantial Contribution requirement, provided in Title 22, CCR, 4410, where a California business currently subject to a substantial contribution proposes to expand an existing facility by adding and training new employees for a new product line or business function. NASSCO is a repeat contractor with payment earned in excess of \$250,000 and had a former Substantial Contribution imposed at the 15% level, at the San Diego facility, within the past five years.

Staff recommends that the Panel waive the Substantial Contribution requirement for this project in accordance with Critical Proposal Title 22, CCR, Section 4402.2. ETP funds will assist NASSCO in meeting its hiring and training goals, enhance the skills sets of its shipyard craftsmen, and assist the Company in its roll-out of its new CAD software training, which will enable the Company to submit competitive bids for the construction of new types of ships, thereby maintaining the size of its workforce.

Commitment to Training

The Company's current training budget is approximately \$3 million annually for its workforce in new-hire company orientation, anti-harassment training, legal compliance, ethics training, corporate electronic media training, computerized timecard processing, performance evaluation system training, basic environmental training, and other specialized training. Safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

In this proposed Agreement, the majority of training topics are in new materials, new technologies, and new manufacturing processes specifically related to the current ships under production. Additionally, the last new-hire training was conducted six years ago. Since then, technology and manufacturing processes have changed. Thus, the old curriculum was overhauled to ensure it meets the current customer needs, and provides an optimal learning environment for the new team members in this Agreement. Employees who did not receive advanced training in the prior ETP Agreement, or were not included in the last ETP Agreement will be included in the proposed training. A few training courses from the prior ETP Agreement will be offered again in this proposed Agreement, but only for newly hired job creation trainees or incumbent workers who were not trained in the prior Agreement.

NASSCO's Director of Safety and Employee Development will provide oversight of this training project. The Manager of Employee Development will lead the project. Three administrative personnel will provide ETP project administration, including a Data Coordinator who will schedule classes and create rosters; a Support Specialist who will conduct ETP data entry and manage the training rosters; and a Training and Development Associate who will conduct internal accuracy checks.

RECOMMENDATION

Staff recommends approval of this proposal, including the Substantial Contribution wavier.

PRIOR PROJECTS

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

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned \$ %
ET11-0166	San Diego	2/07/11 – 2/06/13	\$299,700	\$299,700 (100%)
ET09-0223	San Diego	10/20/08 – 10/19/10	\$612,000	\$612,000 (100%)

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:

MANUFACTURING SKILLS

- + Shipyard Skills Training-Basic
 - Machinist
 - Electrical
 - Pipe Fit
- + Advanced Shipyard Modules
 - Electrical
 - Pipe
 - Equipment Operator
 - Test and Trials
 - Production Tools
- + Advanced Planning Strategies & Design Processes
- + Detail Work Planning & Scheduling Processes
- + Rigging Production Information Training
- + Developing, Maintaining, Updating Total Schedules
- + High-Reach Equipment Training and Certification
- + Handrail Installation Procedure Training
- + Energized Electrical Circuit Training
- + Programmable Logic Controller User Training
- + Precision Tool Measurement Skills
- + Visual Weld Test Inspector Certification
- + Ship Repair Specific Techniques
- + Liquefied Natural Gas Technologies (Green Ship)
- + 3M Certification Training
- + Navy Technical Requirements
- + Earned Value Management Applications
- + Laser Tooling Techniques
- + Paint and Corrosion Control Applications and Techniques

COMPUTER SKILLS

- + AVEVA Marine 12 Computer-Aided Design Training
- + Engineering Doors Software
- + FoxPro Software Application Skills
- + Open Plan Software Application Skills
- + Manning Cube Application Skills
- + MacPac Work Package Development Training
- + Labor Management System Application Skills
- + Foreign Trade Zone 101 Training
- + Advanced Microsoft Office for WORD, PowerPoint, and Excel
- + MS Visio Software
- + MS Access Software
- + MS Project Software

CONTINUOUS IMPROVEMENT

- ✚ Repair Management Training
- ✚ Job Instruction Standardization Process
- ✚ Job Relations Documentation Process
- ✚ Job Improvement Methods & Development
- ✚ Leadership and Coaching Skills
- ✚ Teambuilding and Communication Skills
- ✚ Root Cause Analysis Process
- ✚ Six Sigma Certification
- ✚ Process Improvement Initiative
- ✚ Value Stream Map & Facilitation Skills
- ✚ Lean Basics Training
- ✚ Lean Specialist Training
- ✚ Lean 5S Systems
- ✚ Lean Waste Identification Techniques

OSHA 10/30 (OSHA Certified Instructor)

- ✚ OSHA 10 (requires completion of 10 training hours)
- ✚ OSHA 30 (requires completion of 30 training hours)

Safety Training cannot exceed 10% of total training hours per-trainee, with the exception of OSHA 10/30

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



IAMAW DISTRICT LODGE 947

535 W. Willow St. • Long Beach, CA 90806 • (562) 427-8900 • Fax (562) 427-1122

November 21, 2013

Application Review Unit
Employment Training Panel
1100 J Street, 4th Floor
Sacramento, CA 95814

To whom it may concern:

It is our understanding that NASSCO is requesting assistance with training funds from the Employment Training Panel. NASSCO sees the importance and value in training their workforce in developing technology in order to increase quality, productivity, and customer service. Training will also help employees to broaden their skills. We are extending our support of this endeavor to improve employee skills and help make NASSCO more competitive.

Sincerely,

Richard Sanchez

Richard Sanchez, P/DBR
I.A.M.A.W. District Lodge 947