



Retrainee – Job Creation
Training Proposal for:
Hawker Pacific Aerospace
Agreement Number: ET15-0311

Panel Meeting of: November 14, 2014

ETP Regional Office: North Hollywood

Analyst: M. Webb

PROJECT PROFILE

Contract Attributes:	Retrainee Priority Rate Retrainee-Job Creation	Industry Sector(s):	Manufacturing Services Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Los Angeles	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: 326	U.S.: 338	Worldwide: 338
<u>Turnover Rate:</u>	15%		
<u>Managers/Supervisors:</u> (% of total trainees)	13%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	Total ETP Funding
\$504,800		\$114,745 30% (Job 1)	\$0		\$390,055

In-Kind Contribution:	100% of Total ETP Funding Required	\$808,146
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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, Cont. Improv., Mgmt. Skills, Mfg. Skills, PL-Mfg. Skills	265	8-200	0	*\$1,007	\$16.04
				Weighted Avg: 80			
2	Retrainee Job Creation Priority	Business Skills, Computer Skills, Cont. Improv., Mgmt. Skills, Mfg. Skills, PL-Mfg. Skills	70	8-200	0	\$1,760	\$13.37
				Weighted Avg: 88			

* Reflects Substantial Contribution

Minimum Wage by County: Job Number 1: \$16.04 per hour in Los Angeles County
 Job Number 2(Job Creation): \$13.37 per hour in Los Angeles 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 \$4.37 per hour may be used to meet the Post-Retention Wage.

It will be made a condition of contract that the trainees in Job Number 2 will never be paid less than the statewide minimum wage rate as in effect at the end of retention (Final Payment) regardless of the wage expressed in this table.

Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
JOB NUMBER 1		
Shipping/Receiving Staff		13
Production/Support Staff		52
Maintenance/ Production Staff		138
Administrative/Account Staff		35
Sales/Marketing Staff		4
Managers/Supervisors		23
JOB NUMBER 2		
Shipping/Receiving Staff		25
Production Support Staff		5
Administrative/Account Staff		5
Production/Maintenance Staff		30
Sales/Marketing Staff		3
Supervisors		2

INTRODUCTION

Hawker Pacific Aerospace (HPA) was founded in 1980 and is located in Sun Valley. HPA is a wholly owned subsidiary of Lufthansa Technik North America Holding Corporation located in Tulsa, Oklahoma. The Sun Valley location provides Federal Aviation Administration (FAA)-and European Aviation Safety Agency (EASA)-certified landing gear repairs and overhaul services. HPA clientele include all major commercial airlines, airfreight carriers, US government agencies, and regional aircraft providers.

This is a repeat single-employer contractor. However, because the Application for Funding had been submitted by September 19, the date on which the Panel established a preference for first-time single employers, this proposal was allowed to move forward.

PROJECT DETAILS

HPA recently added Thrust Reverser repair and overhaul capabilities to their list of services. Thrust Reverser systems are relevant to safe operations of the aircraft. Training will deliver the skills necessary to repair parts and meet FAA and EASA standards. Staff must learn new skill sets to implement these standards into the production process, as well as fulfill project requirements. Manufacturing Skills training will be delivered to Production/Support, Maintenance Staff, and Supervisors.

The Company has adopted new Lean Enterprise principles throughout the organization to improve quality and measure output at each step of the production process. Curricula has been developed that target specific areas using these principals. Course topics to be delivered include the following; Benchmarking, Kaizen/6S, Test Verification, Succession Planning, Product Knowledge, Lab Procedures, and Quality Improvement.

Furthermore, HPA is upgrading its software and hardware platforms used for invoicing, inventory, engineering analysis, and project management systems. Staff will require extensive training in installation, engineering, and design in order to integrate new business practices and production operations. Computer Skills training will be delivered to staff to ensure they are able to navigate new computer systems and complete daily job functions efficiently.

Training Plan

Business Skills (15%): Training will be offered to Administrative Staff, Production/Support Staff, and Managers and Supervisors. Courses to be provided include Soft Skills, Product Knowledge, and Employee Engagement. Training in these areas will result in better communication between staff and improve customer service quality.

Management Skills (10%): Training will be offered to Managers/Supervisors to effectively manage personnel by improving business processes, increasing team rapport, and resolving work challenges.

Computer Skills (15%): Training will be offered to Administrative Staff, Production/Support Staff, and Managers. Trainees will gain the necessary skills to implement the Dual ERP system as well as optimize software and system utilization.

Manufacturing Skills (25%): Training will be offered to Production/Support Staff, Maintenance/Production Staff and Management. Trainees will learn to operate and maintain equipment, and learn new manufacturing processes and procedures to implement best practices in areas of production, manufacturing, and warehousing.

Continuous Improvement (35%): Training will be offered to all employees to improve fluctuations and imbalances occurring within the Company. Training courses such as Program Measurement, Kaizen/6S, and Performance Management will ensure procedures are efficient and help meet customer demand.

Learning Management System

Staff has reviewed and approved HPA's use of a Learning Management System for recordkeeping.

Productive Laboratory

The Panel 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. Training will be conducted with a 1:1 ratio not to exceed 40 hours per trainee, consistent with the regulations and policy.

HPA has identified Production and Support Staff who may receive PL training in Manufacturing Skills. Job duties performed by HPA staff require highly detailed and precise processes. HPA has determined that PL training is the most effective way for employees to fully comprehend the production process and equipment operation. Instructors will assign specific tasks and assignments to trainees that must be completed within a certain time frame. These assignments will be performed using equipment such as lathes, CNC Machinery, presses, teardown equipment and plating equipment. The production pace will be controlled for consistent evaluation of output and feedback. Custom manufacturing needs require mandatory oversight during this process; Trainers will supervise all PL training directly and will complete documentation procedures as required by HPA and ETP.

Commitment to Training

All departments of HPA will continue to receive safety training outside of this ETP Agreement. Following this Agreement, the Company will continue to provide job specific training to newly hired and incumbent employees as needed.

HPA represents that 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.

Training Infrastructure

HPA staff has been assigned to devote 20% to 25% of their time to develop training schedules and meet with ETP staff to ensure the project is on track and meet all program requirements. HPA has also hired Spectra Consulting, LLC to provide administrative services (enrollment, tracking hours, data entry, etc.).

Retrainee - Job Creation

The Panel offers incentives to companies that commit to hiring new employees. Training for newly-hired employees is reimbursed at a higher rate and trainees are subject to a lower post-retention wage. The Company also represents that these trainees will be hired into "net new jobs" as a condition of contract.

The recent increase in business capacity has afforded HPA the opportunity to expand their workforce in an effort to meet customer demand and company sales goals. Occupations to be hired include Production/Maintenance, Sales/Marketing, Shipping/Receiving, and Administrative

Staff. HPA has hired 43 full-time employees in the last 12 months. HPA has committed to hiring 70 new employees under this proposal (Job Number 2). Trainees must be hired within the three-month period prior to Panel approval or during the term of contract.

Substantial Contribution

HPA is a repeat contractor with payment earned in excess of \$250,000 at the Sun Valley facility within the past five years. (See Prior Project Table.) Accordingly, reimbursement for trainees at the facility in Job Number 1 will be reduced by 30% to reflect the Company's \$114,745 Substantial Contribution to the cost of training.

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

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

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned \$ %
ET13-0168	Sun Valley	10/01/12-09/30/14	\$521,488	\$435,758 (83%)

Prior Performance

In this prior ETP Agreement, HPA trained a total of 294 trainees (81 newly hired) and will earn approximately \$435,758 (83% of the total Agreement amount). HPA staff will complete all progress and final payments by the Fiscal Closeout deadline (October 30, 2014). In this proposal, HPA will provide new services to clientele; as a result, staff will require training that was not included in the prior Agreement (ET13-0168). However, newly hired staff will receive both new and prior topics used in the last Agreement.

DEVELOPMENT SERVICES

Spectra Consulting, LLC in Sierra Madre assisted with development for a flat fee of \$5,000.

ADMINISTRATIVE SERVICES

Spectra Consulting, LLC will also perform administrative services in connection with this proposal for a fee not to exceed 13% of payment earned.

TRAINING VENDORS

N/A

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

8-200

Trainees may receive any of the following:

BUSINESS SKILLS

- Communication Skills
- Employee Engagement
- Developing Behavioral Framework
- Product Knowledge
- Soft Skills
- Administration Core Basics
- Finance Functions
- Procurement Functions
- Inventory Control Procedures
- (WIP) Work in Progress
- Logistic Procedures/Functions
- Materials Sales

COMPUTER SKILLS

- HRIS Systems
- HPA Systems
- IQ Move
- Learning Management Systems
- Advanced Software Systems
- Jira
- IT Applications

CONTINUOUS IMPROVEMENT

- Foundation
- Benchmarking
- Quality Improvement
- Program Measurement
- Professional Development
- Succession Planning
- Team Building
- Kaizen/6S
- OHSAS 18000 Standards (Occupational Health & Safety Assessment Specification) international Safety Management System
- ISO
- FAA Industry Standards
- Performance Management

MANUFACTURING SKILLS

- Shop Core Basics
- Department Operations/Techniques
- Audits
- Materials, Inspection and Repair Processes
- Measurement
- Test Verification
- Equipment/Tools
- Hand Finishing Standard Procedures
- Lab Procedures
- NDI Standard Practices-OEM
- NDI Standard Processes & Procedures
- Support Shop Processes

MANAGEMENT SKILLS (Managers/Supervisors Only)

- Critical Thinking
- Leadership Skills
- IMS (Integrated Management Systems)
- Coaching and Mentoring
- Developing Team Creativity and Initiative
- Strategic Thinking and Execution
- Accountability
- Change Management

Productive Lab Hours

0-40

MANUFACTURING SKILLS (limited ratio 1:1)

- Department Operations/Techniques
- Materials, Inspection and Repair Processes
- Measurement
- Test Verification
- Hand Finishing Standard Procedures
- Lab Procedures

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery. Productive Lab Training is capped at 40 hours per trainee