



RETRAINEE - JOB CREATION

Training Proposal for:

Hilmar Cheese Company, Inc.

Agreement Number: ET16-0471

Panel Meeting of: May 26, 2016

ETP Regional Office: Sacramento

Analyst: K. Smiley

PROJECT PROFILE

Contract Attributes:	Retrainee Priority Rate Job Creation Initiative HUA	Industry Sector(s):	Manufacturing Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Tulare, Merced	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: 932	U.S.: 1410	Worldwide: 1410
<u>Turnover Rate:</u>	12%		
<u>Managers/Supervisors:</u> (% of total trainees)	11%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	Total ETP Funding
\$387,000		\$0	\$0		\$387,000

In-Kind Contribution:	100% of Total ETP Funding Required	\$400,000
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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, Manufacturing Skills, Continuous Improvement Skills, PL-Manufacturing Skills	250	8-200	0	\$288	\$15.60
				Weighted Avg: 8			
2	Retrainee Job Creation Initiative	Business Skills, Computer Skills, Manufacturing Skills, Continuous Improvement Skills, PL-Manufacturing Skills	90	8-200	0	\$3,500	\$15.60
				Weighted Avg: 175			

Minimum Wage by County: Job Numbers 1 & 2: \$15.60 per hour for Tulare & 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

Job Numbers 1 & 2 may use up to \$0.78 per hour to meet the Post-Retention Wage.

Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
Maintenance Staff		60
Production Staff		210
Administrative Staff		15
Managers		55

INTRODUCTION

Founded in 1984 and headquartered in Hilmar, Hilmar Cheese Company, Inc. (Hilmar) (www.hilmarcheese.com) is a commercial manufacturer of dairy and whey products. They have plant facilities in Dalhart Texas, Turlock and Hilmar but only their Hilmar and Turlock facilities will participate in training. Hilmar specializes in the production of American-style cheeses, whey protein, lactose products and milk powders utilized by private label and national brand companies worldwide. Hilmar’s clients include Sargento, Kraft, Mars, and Nestle. Both of their plant locations in Tulare & Merced will participate.

PROJECT DETAILS

This will be Hilmar's 5th agreement in the last 14 years. Over the past year, Hilmar purchased new machinery for all CA plant locations. This new machinery includes Evaporators, dryers, separators, clarifiers, pasteurizers, reverse osmoses filtration, ultra filtration, and packaging robots. This machinery is valued at over \$5 million, and will require training for incumbent staff to properly use and maintain the equipment. Hilmar's training plan involves new processes and procedures that will increase efficiencies and production.

Recently, Hilmar upgraded their Safe Quality Food (SQF) certification to level 3, through the SQF Institute. In order for Hilmar to maintain compliance with this upgraded certification, they must train staff on SQF standards and best practices. This training will allow Hilmar to meet the needs of their clients by providing quality dairy products.

Retrainee - Job Creation

In support of job creation, training for newly-hired employees will be reimbursed at a higher rate, and trainees will be subject to a lower post-retention wage. The date-of-hire will be within the three-month period before contract approval or within the term-of-contract. Trainees will be hired into "net new jobs" as a condition of contract.

In 2016, Hilmar expanded their Tulare location by adding a new 5,000 square foot dry milk powder plant. This additional plant requires Hilmar to hire new staff to accommodate growth. The bulk of training will focus on upgrading the skill sets of newly-hired employees and ensuring they can maintain production standards.

Hilmar has committed to hiring 90 new employees (Job Number 2). These trainees must be hired within the three-month period prior to Panel approval or during the term of the Contract.

Training Plan

Hilmar's training plan will focus on Operating Procedures, Production Equipment, and LEAN as outlined below:

Business Skills (5%): Training will be provided to Administrative Staff and Managers to enhance customer satisfaction and problem solving skills. Courses will include Critical Thinking, and Customer Service Skills. These courses will increase trainee's skill sets and allow them to promote within the Manufacturing industry.

Computer Skills (5%): Training will be provided to Administrative Staff, Production Staff and Managers on Wonderware Software to increase efficiency in tracking and shipping inventory.

Manufacturing Skills (40%): Training will be offered to Production Staff, Maintenance Staff and Managers to increase production knowledge and efficiency. Topics will include Principles of Equipment, Principles of Operation and Good Manufacturing Practices, to increase production output and create a safe working environment.

Continuous Improvement (50%): Training will be provided to all occupations in relation to job duties to enhance production efficiencies and safety skills among incumbent staff. Courses will include LEAN, Seven Wastes, and Safety Data Sheets.

Productive Laboratory

Hilmar will train 90 Production Staff on Operating Procedures, Production Equipment and Sanitation Procedures for Evaporators, Dryers, Separators, Clarifiers, Pasteurizers and Reverse

Osmoses Filtration equipment. This training will be at a much slower pace than regular production and will provide significantly higher defects as trainees gain proficiency.

The trainer will first demonstrate how to use the equipment and then supervise trainees using the equipment. The training will be conducted at the Tulare and Merced facilities. The trainer will attest to the trainee's competency once training is completed.

Hilmar has requested a 1:3 trainer-to-trainee ratio due to production staff working in groups of 2 to 3 when assigned to machinery. PL training will be capped at 60 hours per trainee.

High Unemployment Area

The 590 trainees in Job Numbers 1 & 2 work in a High Unemployment Area (HUA), a region with unemployment exceeding the state average by at least 25%. The Company's locations in Tulare and Merced counties qualify for HUA status under these standards. However, Hilmar is not asking for a wage modification.

Commitment to Training

Hilmar has an annual training budget of \$450,000 per facility. Training includes new hire orientation, staff development, and safety training.

ETP funds will not displace their 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

Hilmar has a detailed training plan and three staff members dedicated to administer this project. Hilmar will use a combination of internal and external subject matter experts in the food manufacturing industry.

RECOMMENDATION

Staff recommends approval of this proposal.

TRAINING VENDORS

To Be Determined

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

8-200 Trainees may receive any of the following:

BUSINESS SKILLS

- Company Culture
- Critical Thinking
- Customer Service

COMPUTER SKILLS (Advanced/Intermediate Only)

- Wonderware Software

CONTINUOUS IMPROVEMENT

- Seven Wastes
- LEAN
- Chemical Handling
- Forklift
- Confined Space
- Lockout Tag out
- Lifting
- Safety Data Sheet
- Personal Protective Equipment

MANUFACTURING SKILLS

- Principles of Equipment
- Principles of Operations
- Principles of Sanitation
- Principles of Products
- Safety Quality Foods
- Good Manufacturing Practices
- Hygiene Zoning
- Hazard Analysis of Critical Control Points
- SAP
- Equipment Safety

Productive Lab Hours (Trainer-to-trainee ratio 1:3)

0-60

MANUFACTURING SKILLS

- Operating Procedures
- Sanitation Operating Procedures
- Production Equipment

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

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery. PL is capped at 60 hours per-trainee.