



RETRAINEE - JOB CREATION

Training Proposal for:

Le Tote, Inc.

Agreement Number: ET16-0452

Panel Meeting of: May 26, 2016

ETP Regional Office: San Francisco Bay Area

Analyst: V. Estrada

PROJECT PROFILE

Contract Attributes:	Retrainee HUA Job Creation Initiative SET	Industry Sector(s):	Retail Services Priority Industry: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Counties Served:	San Joaquin	Repeat Contractor:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Union(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Number of Employees in:	CA: 230	U.S.: 230	Worldwide: 230
<u>Turnover Rate:</u>	15%		
<u>Managers/Supervisors:</u> (% of total trainees)	N/A		

FUNDING DETAIL

<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">Program Costs</td></tr> <tr><td style="text-align: center;">\$145,200</td></tr> </table>	Program Costs	\$145,200	-	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">(Substantial Contribution)</td> <td style="text-align: center;">(High Earner Reduction)</td> </tr> <tr> <td style="text-align: center;">\$0</td> <td style="text-align: center;">\$0</td> </tr> </table>	(Substantial Contribution)	(High Earner Reduction)	\$0	\$0	=	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">Total ETP Funding</td></tr> <tr><td style="text-align: center;">\$145,200</td></tr> </table>	Total ETP Funding	\$145,200
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In-Kind Contribution:	100% of Total ETP Funding Required	\$195,060
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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 HUA SET	Business Skills, Cont. Imp., Mfg. Skills	162	8-200	0	\$600	*\$12.00
				Weighted Avg: 40			
2	Retrainee Job Creation Initiative HUA SET	Business Skills, Cont. Imp., Mfg. Skills	60	8-200	0	\$800	*\$12.00
				Weighted Avg: 40			

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

Minimum Wage by County: Job Number 1 (SET/HUA): \$11.70 for San Joaquin County
 Job Number 2 (SET/Job Creation/HUA): \$10.00 for San Joaquin 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
 Although employer provides health benefits, they are not being used to meet Post-Retention Wage.

Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
Job Number 1		
Fashion Associates		141
Leads		12
Project Managers		9
Job Number 2		
Fashion Associates		60

INTRODUCTION

Founded in 2012 and headquartered in San Francisco, Le Tote, Inc. (Le Tote) (www.letote.com) is an online apparel and accessory rental company, where subscribers can rent and wear apparel monthly and then return or buy. All training will take place at the cleaning and distribution center in Stockton, a High Unemployment Area. This will be Le Tote’s first ETP-funded training.

PROJECT DETAILS

In 2015, Le Tote experienced a 340% sales growth. As a result, the Company moved into a 150,000 square-foot Stockton facility and hired 129 new employees. Le Tote also purchased new equipment including a garment conveyor system, label printers, weigh stations for each packing post, and radio-frequency identification devices. In addition, the cleaning plant was moved in-house. Le Tote must now implement process changes to adjust to new equipment, and new employees.

ETP-funded training will help staff adjust to new services and procedures. After customer returns are scanned and cleaned, Quality Control 1 reviews each item. Quality Control 1 determines if any repairs are needed or if an item is ready for inventory. On site staff makes all repairs. When a customer places an order, the apparel is pulled from the inventory, goes through a Quality Control 2 check, then gets packaged and sent to the customer.

The training plan will include Managers, Leads, and Fashion Associates (Seamstress, Accessories, Receiving/Pulling/Packaging, Laundry, Quality Control). Overall, training will help the Company to stay competitive and improve efficiencies. Workers will cross-train to perform multiple functions, learn how to operate new equipment and properly process orders.

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.

Le Tote has committed to hiring 60 new employees (Job Number 2). Le Tote 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 contract.

Le Tote has been in a continuous growth mode, and secures a great percentage of subscribers annually. To support this client increase, new positions within the Company will be created. During 2016, Le Tote expects a 40% increase in new subscribers. Le Tote has the capacity to house their current and new staff in its new facility in Stockton.

Training Plan

All training will be delivered by in-house experts and outside vendors via Class/Lab in the following:

Business Skills (20%): Training will be provided to Managers and Leads to improve communication, leadership and teambuilding. Topics include How to Become an Effective Lead, Effective Communication and Manager Development.

Continuous Improvement (40%): Training will be provided to Fashion Associates and Leads. Topics include Accessory Functions, Customers Returns and Inventory Control. This training will improve efficiency, streamline departments, and allow employees to take on multiple roles.

Manufacturing Skills (40%): Training will be provided to Fashion Associates. Topics include learning the Garment Conveyor System, Quality Inspection Process and Tote Conveyor System, which will result in the Associates' job function being streamlined.

High Unemployment Area

All trainees work in a high unemployment area, with unemployment exceeding the state average by 15%. These trainees qualify for the ETP Minimum Wage rather than the Statewide Average Hourly Wage (from \$27.40 to \$15.60).

➤ SET Wage Modification

The Panel may also modify the ETP Minimum Wage for these trainees by up to 25% if post retention wages exceed the start-of-training wages (from \$15.97 to \$11.98). Le Tote requests a wage modification to \$12.00 for Job Numbers 1 & 2, which is higher than the usual HUA wage for San Joaquin County.

Frontline Workers

GHHS wishes to train nine Managers that supervise. The Company has confirmed that these employees actively perform the same frontline work as those they supervise more than 80% of the time, and that they do not hire, fire, or set company policy. Based on the nature and scope of their job duties, these trainees meet the Panel's definition of frontline worker. As frontline workers, these trainees qualify for SET funding and are not included in the percentage of managers and supervisors identified on Page 1 of this proposal.

Commitment to Training

Le Tote has an annual training budget of \$82,620 for its operations facility. The budget includes new hire training, cross-training, safety training, and "walk behind" forklift training for new workers. In addition, the Company spent \$1 Million in 2016 for new equipment at its Stockton facility.

Le Tote 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

Le Tote has a full-time Training Specialist that will administer the ETP project. The Training Specialist will have the primal responsibility of enrolling trainees and tracking training hours. The Training Specialist will collaborate with the Managers to schedule training. The ETP-funded training project will begin when the proposal is approved.

Impact/Outcome

Le Tote anticipates that training will improve efficiency and operational flow among incumbent and new workers. The Company also anticipates that trainees will master the newly installed machinery which will allow Le Tote to expand and reach its subscription goals.

RECOMMENDATION

Staff recommends approval of this proposal.

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:

BUSINESS SKILLS

- Development Training
- Effective Communication
- How to be an Effective Lead
- How to be an Effective Manager
- Lead Development
- Manager/Supervisor Development

CONTINUOUS IMPROVEMENT

- Accessories Functions
- Customer Returns Functions
- Streamline Production Processes
- Process Review of Returned Items
- Inventory Control Functions
- Laundry Functions
- Leadership Skills
- Packing Functions
- Productivity/Quality
- Pulling Functions
- Quality Control
- Receiving Functions
- Seamstress Functions
- Supplies Functions
- Team Building
- Train-the-Trainer

MANUFACTURING SKILLS

- Garment Conveyor System
- New Equipment
- New Cleaning Facility/Plant
- Packing Station (new label printer and weigh station)
- Personal Protective Equipment Training
- Quality Inspection Process
- Radio-Frequency Identification Devices
- Tote Conveyor System
- Cross-Train - Forklift

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.