



RETRAINEE - JOB CREATION

Training Proposal for:

Mary Ann's Baking Co., Inc.

Agreement Number: ET15-0433

Panel Meeting of: April 24, 2015

ETP Regional Office: Sacramento

Analyst: L. Fraizer

PROJECT PROFILE

Contract Attributes:	Retrainee Job Creation Initiative Priority Rate HUA	Industry Sector(s):	Manufacturing Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Sacramento	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: 107	U.S.: 107	Worldwide: 107
<u>Turnover Rate:</u>	15%		
<u>Managers/Supervisors:</u> (% of total trainees)	9%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	Total ETP Funding
\$424,616		\$0	\$0		\$424,616

In-Kind Contribution:	100% of Total ETP Funding Required	\$542,086
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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, Commercial Skills, Computer Skills, Cont. Imp., HazMat, PL-Commercial Skills	57	8-200	0	\$1,800	\$15.75
				Weighted Avg: 100			
2	Retrainee HUA Priority Rate	Business Skills, Commercial Skills, Computer Skills, Cont. Imp., HazMat, PL-Commercial Skills	44	8-200	0	\$1,764	\$11.81
				Weighted Avg: 98			
3	Job Creation Initiative HUA Priority Rate Retrainee	Business Skills, Commercial Skills, Computer Skills, Cont. Imp., HazMat, PL-Commercial Skills	94	8-200	0	\$2,600	\$10.50
				Weighted Avg: 130			

Minimum Wage by County: Job Number 1: \$15.75 per hour; Job Number 2(HUA) \$11.81 per hour; Job Number 3(Job Creation/HUA): \$9.84 for Job Number 3 in Sacramento 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 \$1.56 per hour may be used to meet the Post-Retention Wage in Job Numbers 1 and 2.

Wage Range by Occupation

Occupation Titles	Wage Range	Estimated # of Trainees
Administrative Staff		7
Sales Staff		3
Research/Development Staff		3
Quality Assurance Staff		8
Manufacturing Staff		96
Machine Operators		28
Maintenance Staff		12
Sanitation Staff		14
Logistics/Shipping Staff		7
Managers/Supervisors		17

INTRODUCTION

Founded in 1961 and located in Sacramento, Mary Ann's Baking Co., Inc. (MABC) produces a variety of fried and baked products for distribution in the continental United States, Alaska, Hawaii, Canada and Mexico. The Company's products are transported and distributed in both fresh and frozen conditions. Customers include independent distributors (Regal Foods, Reser's, Bailey's, Nasser, Alpine, 3 J's), grocery chains (Kroger, Food For Less, Grocery Outlet, Food Lion), and school districts.

Need For Training

To compete in the baked and fried goods market, MABC is continually implementing technological plant improvements and adding new production lines. The Company has also continued to purchase new equipment and software for this purpose. These changes include the following:

- A yeast-raised production line installed in 2014 for raised donuts, fritters, jelly donuts and other fried sweet goods.
- A muffin production line is nearing completion for specialty muffins and loaf cakes.
- "Just Food' Bakery Manufacturing Operating Software will be installed in Fall 2015. This is a software program that will allow personnel to input data, analyze results and improve operations.

In addition, the Company has completed the British Retail Consortium (BRC) Global Standard for Food Safety process and has been certified by BRC for Food Safety. This certification will allow MABC to pursue business anywhere in the world.

These adaptations require changes in the employee's current skills. ETP-funding will help the Company improve its competitive edge by adding new products, improving operations, and increasing maintenance knowledge. In addition, training is needed to maintain and renew the BRC Certification.

PROJECT DETAILS

This is the second proposal for MABC. New employee training will focus on skill sets from MABC's current curriculum, while current employees will focus on continuing training efforts started under the previous Agreement. All trainees will receive training on product lines and the 'Just Foods' manufacturing system.

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.

MABC has committed to hiring 94 new employees (Job Number 3). MABC stated that 30 of the new employees will fill positions lost. Over the next two years, the Company will add a minimum of one shift to each production line and up to two shifts for several other production lines. The Company has a goal of obtaining 100% of the production capacity to increase production while

improving efficiency. The recall of workers previously let go is permissible as “net new jobs” per Panel guidelines.

The new technology, production lines, and production increase will require hiring new employees. MABC represents that the date-of-hire 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.

Training Plan

Based on assessments conducted by MABC, training will be delivered in a classroom/laboratory and productive laboratory setting in the following types of training.

Business Skills (10%): Training will be offered to Administrative and Sales Staff. Training will include Accounting, Sales, Communication and Customer Service Skills. This training will help expand the Company’s customer base, improve accounting expertise, develop marketing strategies, and provide superior customer service.

Commercial Skills (30%): Training will be offered to all occupations on the production floor via a combination of classroom and Productive Laboratory training. Administrative and Sales Staff will receive this training due to BRC Standards required as part of the Global Food Safety Initiative. Training will include operation, repair and/or maintenance of equipment, and labeling requirements. Productive Laboratory training will be provided to ensure a full understanding of equipment and production processes. Training also includes BRC Certification.

Computer Skills (20%): Training will be offered to all occupations. Training will provide accurate documentation on production, complete reports quickly and proficiently, and use new software to provide a “state-of-the-art” bakery production system. Training will also cover advanced Microsoft Office to increase output and accuracy of daily tasks. .

Continuous Improvement (30%): Training will be offered to Managers/Supervisors, Administrative, Sales, Research, Development, and Quality Assurance Staff. Employees will receive training in Leadership, Root Cause Analysis, Team Building, Problem-Solving and Eliminating Waste. These skills will enable the workforce to perform more effectively in team environments, implement new working processes, reduce waste and scraps, improve leadership capabilities, and increase product quality.

Hazardous Materials (10%) Training will be offered to Managers/Supervisors, Maintenance, Sanitation, Quality Assurance and Logistics Staff. Training will include Chemical Handling, Waste Management, and Hazard Analysis and Critical Point Control. Training will help prevent biological, chemical and physical hazards during the production process.

Productive Laboratory

The Panel recently 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. The instructor must be dedicated to training delivery during all hours of training.

Training will be offered to Machine Operators, Maintenance, Sanitation, Manufacturing and Logistics Staff. PL training will supplement class/lab training to improve operation, preventative maintenance, setting changes and trouble shooting. The Company also purchased a new product line that will require PL training on new processes. Equipment will include but is not limited to: Muffin Line, Raised Product Line, and Danish Line.

Newly hired employees will receive up to 50 hours of PL training, which is within Panel standards for this size company. Newly hired employees are inexperienced and require hands-on training to successfully learn the operations and production process of the old and new equipment. Trainers will be experts in the course topics and provide work instructions of the process prior to observing the trainee perform the task.

In addition, the trainer will direct and provide feedback to the trainee as the work is performed. Trainees will be deemed competent based on their level of efficiency and knowledge of the equipment. The trainer-to-trainee ratio will not exceed 1:1. During training, production is expected to decrease while labor cost and defects are expected to increase.

Substantial Contribution

MABC is a repeat contractor with payment earned in excess of \$250,000 at the Sacramento facility within the past five years. Although the Company earned over \$250,000, a portion of their payment earned was for the job creation component. Therefore, the Company will not be subjected to substantial contribution.

High Unemployment Area

The trainees in Job Numbers 2 and 3 work in a High Unemployment Area (HUA), with unemployment exceeding the state average by at least 25%. The Company's location in Sacramento qualifies for HUA status under these standards.

➤ Wage Modification

For these trainees, the Panel may modify the ETP Minimum Wage by up to 25% if post-retention wages exceed the start-of-training wages. MABC is asking for a wage modification for trainees in Job Number 2 from \$15.75 to \$11.81, and in Job Number 3 from \$13.13 to \$10.50.

Commitment to Training

MABC represents that ETP funds will not displace its existing financial commitment to training. The Company currently has an annual training budget of \$230,000, which include state mandated safety training, new employee orientations, sexual harassment prevention, CPR, forklift training/certification, HACCP training and plant machine operation/maintenance. The company focuses on continual training to develop a team approach, improve transparency and increase job satisfaction.

ETP training funds will provide the Company with the tools to achieve its goals to be a competitive and growing company within the community. MABC represents that safety training is provided in accordance with all pertinent requirements under state and federal law.

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

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

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned \$ %
ET13-0173	Sacramento	10/01/12 – 09/30/14	\$367,360	\$324,873 (88%)

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

- Advanced Accounting
- Sales Skills
- Customer Service
- Communication Skills
- Business Performance (Budgets)

COMMERCIAL SKILLS

- Forklift Training
- Labeling Requirements
- New Muffin Line Equipment Training
- New Raised Product Line Equipment Training
- Existing Danish Line Equipment Training
- Equipment Preventative Maintenance
- Equipment Troubleshooting/Repair
- BRC Standards Training/Maintenance

COMPUTER SKILLS

- Programmable Logic Controls Programming
- Just Food Phase 2 Training
- Computer-Aided Design
- Advanced Microsoft Office/Outlook
- MP-2 (Maintenance/Sanitation Software Programming)

CONTINUOUS IMPROVEMENT

- Statistical Analysis
- Leadership
- Root Cause Analysis
- Team Building
- QC – Data Collection
- Problem Solving
- Eliminating Waste
- Improving Workflow
- Coaching
- Decision Making

HAZARDOUS MATERIALS

- Chemical Handling
- Waste Management (New Waste Byproducts)
- HACCP Training

Productive Lab Hours

0-50

COMMERCIAL SKILLS (Ratio 1:1)

- Forklift Training
- New Muffin Line Equipment Training
- New Raised Product Line Equipment Training
- Existing Danish Line Equipment Training
- Equipment Preventative Maintenance
- Maintenance Troubleshooting/Repair
- BRC Standards Training/Maintenance
- Standard Sanitation Procedures
- Standard Equipment Operations

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 50 hours per-trainee.