



RETRAINEE - JOB CREATION

Training Proposal for:

Meggitt (North Hollywood), Inc.

Agreement Number: ET16-0132

Panel Meeting of: July 24, 2015

ETP Regional Office: North Hollywood

Analyst: M. Reeves

PROJECT PROFILE

Contract Attributes:	Critical Proposal Retrainee Job Creation Initiative Priority Rate	Industry Sector(s):	Manufacturing Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Los Angeles	Repeat Contractor:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Union(s):	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No International Union, United Automobile, Aerospace & Agriculture Implement Workers of America - UAW Region 5, Local 179		
Number of Employees in:	CA: 2,000	U.S.: 5,500	Worldwide: 11,000
<u>Turnover Rate:</u>	4%		
<u>Managers/Supervisors:</u> (% of total trainees)	18%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	=	Total ETP Funding
\$749,372		\$0		\$749,372
		(High Earner Reduction)		
		\$0		

In-Kind Contribution:	100% of Total ETP Funding Required	\$1,438,640
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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, Continuous Imp., Mfg. Skills	249	8-200	0	\$2,628	\$19.00
				Weighted Avg: 146			
2	Retrainee Job Creation Initiative Priority Rate	Business Skills, Continuous Imp., Mfg. Skills	50	8-200	0	\$1,900	\$19.00
				Weighted Avg: 95			

Minimum Wage by County: Job Number 1: \$15.97 per hour for Los Angeles County;
Job Number 2 (Job Creation): \$13.31 per hour for 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

Although employer provides health benefits, they are not being used to meet the Post-Retention Wage.

Wage Range by Occupation

Occupation Titles	Wage Range	Estimated # of Trainees
Job Numbers 1 and 2		
Production Staff		150
Engineering Staff		35
Quality Staff 1		21
Quality Staff 2		18
Office Staff		25
Manager/Supervisor 1		30
Manager/Supervisor 2		20

Critical Proposal

This proposal for Meggitt (North Hollywood), Inc. (Meggitt) has been designated a Critical Proposal by the Governor's Office of Business and Economic Development based on Meggitt's planned business expansion and commitment to adding new jobs in California.

INTRODUCTION

Meggitt is a global engineering group specializing in extreme environmental components and smart sub-systems for aerospace, defense and energy markets. Meggitt (www.meggitt.com) specializes in the design and manufacture of a broad range of fluid control devices and systems for commercial/military aircrafts and various industrial applications. Meggitt's parent company,

Meggitt PLC, is headquartered in the United Kingdom and has several business locations worldwide, including multiple facilities in California. This training proposal will only target workers at the Company's North Hollywood location.

PROJECT DETAILS

Meggitt has realized a significant 10-year growth increase, including the procurement of several new long-term supply agreements in excess of \$1 billion, along with additional programs awaiting award notices. Due to this substantial growth in new and prospective business, Meggitt must implement changes to its operations and make room for increased production space.

The Company will be adopting a corporate-wide strategy of Operational Excellence through the new Meggitt Production System (MPS), whereby management, team leaders, and production supervisors must all support the production and distribution teams, ensuring that all company personnel and activities are directly dedicated to supporting production of parts and systems. The successful execution of MPS requires significant continuous improvement changes in thinking, leadership systems, and shop floor expertise. This single global approach to the application of Lean tools and practices will be rolled out and applied throughout the organization.

Retrainee - Job Creation

The Panel offers incentives to companies that commit to hiring new employees. Under the Retrainee-Job Creation program, training for newly-hired employees will be reimbursed at a higher rate and trainees will be subject to a lower post-retention wage.

Meggitt is expanding its production area and anticipates a \$10 million investment to the site over the next five years. This investment will include upgrading facility capacity to meet current and future production requirements. In addition, the Company has already begun repurposing some of its non-production space to accommodate anticipated manufacturing growth.

In this proposal, Meggitt has committed to hiring 50 new employees over the next two years, largely in production (Job Number 2). Meggitt 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.

Union Support

This project is supported by the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America, UAW Region 5 – Local 179, which represents the production workers in this proposal. A letter of support has been provided.

Training Plan

The proposed training will take place at the Company's 110,000 square foot facility in North Hollywood. Training will focus on Lean principles, Process Improvement, Six Sigma, and Leadership Development. The Curriculum has been specifically designed to teach workers how to immediately identify variances and present solutions to problems in real time. In addition, emphasis will be placed on empowering employees with the skills to manage projects more effectively while serving customers in a more efficient and responsive fashion.

Business Skills (5%) – Training will be offered to all occupations based on job functions and responsibilities. Trainees will learn strategic planning and how to manage resources with

greater efficiency with APICS (American Production & Inventory Control Society/Association for Operations Management) training.

Continuous Improvement (90%) – Training will be offered to all occupations, with emphasis on supporting all aspects of the recently adopted MPS. This training will enhance workforce creativity and engagement, as well as facilitate Six Sigma Green and Yellow certifications. These modules are also designed to improve on-time delivery and inventory turns, while reducing defects.

Manufacturing Skills (5%) – Training will be offered to Production, Engineering, and Quality Staff to strengthen the Company's manufacturing processes. This training is designed to improve worker efficiency, reduce errors, and expand the Company's overall production capabilities.

Commitment to Training

Meggitt has an annual training budget of approximately \$50,000 per facility in California. Company-funded training includes new hire orientation, proper lifting techniques, personal protective equipment, harassment prevention, material/chemical handling, First-Aid Responder, and supervisor performance evaluation. Safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

➤ Training Infrastructure

Meggitt's Human Resources Manager will oversee internal project administration. In addition, the Company has retained an outside administrative consultant to ensure that training documentation adheres to ETP requirements.

RECOMMENDATION

Staff recommends approval of this proposal.

DEVELOPMENT SERVICES

Meggitt retained Performance Ascent, Inc. in Irvine to assist with development of this proposal at no charge.

ADMINISTRATIVE SERVICES

Meggitt retained Labor Employment and Training Corporation in Cerritos to perform administrative services for a fee not to exceed 13% of payment earned.

TRAINING VENDORS

Performance Ascent, Inc. in Irvine will also provide Continuous Improvement training for a fee to be determined. Other trainers will be identified for ETP record-keeping purposes, as they are retained by Meggitt.

Exhibit B: Menu Curriculum

Class/Lab Hours

8 - 200

Trainees may receive any of the following:

BUSINESS SKILLS

- APICS Training Leading to Certification

CONTINUOUS IMPROVEMENT

- 5-S/6-S Skills
- AS 9100 Skills
- AS 9100 Auditor Skills
- Business Assessment
- Lean Assessment
- Concurrent Engineering Skills
- Leadership/Management Skills
- DMAIC
- Demand Flow Technology
- Design of Experiments
- DISC Assessment Learning
- Engineering Change Process
- Enterprise Baseline Assessment
- Failure Mode and Effects Analysis (FMEA)
- Frontline Leadership
- Intro to Lean Manufacturing
- Inventory Accuracy Program Procedures
- ISO 9000 Skills
- ISO Auditor Skills
- Kaizen Leader Development
- Kaizen Process Improvement Workshops
- Lean Enterprise System Overview
- Lean Gemba Walks
- Lean Kata
- Lean Manufacturing Skills
- Leadership/Management Communications & Meetings
- Management Planning & Development Skills
- Management Development
- Material Resource Planning
- Meggitt Production System
- Metrics Management
- Planning Process Skills
- Policy Deployment/Hoshin Planning
- Preventative Maintenance Skills
- Problem Solving Skills
- Process Deployment
- Process Improvement Skills
- Process Mapping
- Product Fulfillment Process
- Production and Inventory Management

- Pull Systems
- Quality Inspection
- Quality Management Systems
- Quality Standards Process
- Root Cause Analysis
- Set-Up Time Reduction
- Simulation Modeling Skills
- Six Sigma Yellow Belt Skills
- Six Sigma Green Belt Skills
- Small Batch Manufacturing
- Standard Work Skills
- Statistical Process Control
- Strategic Planning Skills
- Total Productive Maintenance (TPM) Skills
- Team Building Skills
- Team Leadership Skills
- Value Stream Mapping

MANUFACTURING SKILLS

- J-Standard – Welding Skills
- Welding Techniques
- General Manufacturing Skills
- Manufacturing Equipment Skills
- Forklift Usage

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



Region 5

721 Dunn Road
Hazelwood, Missouri 63042



Phone: (314) 731-2800
Fax: (314) 731-2729

INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA - UAW

Gary Jones
Director

(Member, International Executive Board)

Dennis Williams
President

Gary Casteel
Secretary-Treasurer

April 15, 2015

Development Analyst
Employment and Training Panel
C/O Victoria Lewis
Human Resources Manager
Meggitt Control Systems
12838 Saticoy Street
North Hollywood, CA 91605

Dear Sirs,

We are in support of the Meggitt Control Systems training program proposal to the Employment Training Panel. UAW Region 5 is looking forward to the active participation of our UAW Local 179 members in implementation of the training.

We look forward to this project and appreciate the outreach of the State to support California UAW represented manufacturers.

Sincerely,

Gary Jones, Director
UAW Region 5

Alaska, Arizona, Arkansas, California, Colorado, Hawaii, Idaho, Kansas, Louisiana, Missouri,
Nevada, New Mexico, Oklahoma, Oregon, Texas, Utah, Washington

