



**Training Proposal for:
Merex Aircraft Company, Incorporated dba Kellstrom
Defense, a Merex Group Company**

Small Business

ET16-0323

Approval Date: December 29, 2015

ETP Regional Office: North Hollywood **Analyst:** L. Vuong

CONTRACTOR

- Type of Industry: Manufacturing

- Number of Full-Time Employees
 - California: 30
 - Worldwide: 150
 - Number to be trained: 30
- Priority Industry: Yes No
- Owner Yes No
- Out-of-State Competition: NAICS Code Eligible
- Special Employment Training (SET): Yes No
- High Unemployment Area (HUA): Yes No
- Turnover Rate: 15%
- Repeat Contractor: Yes No

FUNDING

- Requested Amount: \$41,340
- In-Kind Contribution: \$46,220

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 SB <100	Business Skills, Computer Skills, Continuous Impr., Haz. Materials, Mfg. Skills	30	8-60	0	\$1,378	\$15.07
				Weighted Avg: 53			

- Reimbursement Rate: Job #1: \$26 SB Priority
- County(ies): Ventura
- Occupations to be Trained: Administrative Staff, Production Staff/Warehouse Staff, Sales Staff, Purchasing Staff, Marketing Staff, Manager/Supervisor, Technician, Engineer
- Union Representation: Yes
 No
- Health Benefits: Job #1: \$2.92 per hour

SUBCONTRACTORS

- Development Services: Training Funding Source (TFS) in Seal Beach assisted with development for a flat fee of \$2,900.
- Administrative Services: TFS will also provide administrative services for an amount not to exceed 13% of payment earned.
- Training Vendors: To Be Determined

OVERVIEW

Founded in 1982, Merex Aircraft Company, Incorporated, dba Kellstrom Defense, a Merex Group Company (Merex), is an AS 9100/ISO 9001 certified manufacturer of obsolete, aftermarket military aircraft F5 and F16 components such as engines, radar, sonar, spare parts, electronic security and detection equipment, ground support equipment and accessories. In addition, the Company also provides logistic and technical support, repair/overhaul management, project management, and maintenance services.

Merex is experiencing significant growth and transition in several areas: (1) manufacturing new platforms, airframes and rotary wings for UH-1, AH-1, P-3 and C-130 aircrafts; (2) implementing Source Approval Request (SAR), a new process and procedure to facilitate government approval; and (3) keeping up with technological changes.

To support these initiatives, Merex needs to provide its workforce with the necessary skills to implement and address these challenges and put Merex in a better position to serve its current and potential customers, and become more efficient and competitive. Merex is requesting ETP funding to train 30 employees at its Camarillo location to assist the Company as it continues to grow.

Training Plan

This is the second Agreement between ETP and Merex. The first Agreement focused on the development of formalized training to its workforce. For this proposal, the Company intends to implement new processes to enhance productivity and quality, integrate new products, new requirements from customers, adapt to new technologies and systems, design a Just-In-Time delivery system and improve overall customer service.

Merex has developed a company-wide training and employee development program. Workers in all departments will receive the skills necessary to better understand sophisticated products and services, customer requirements and become more consistent and efficient. In addition, workers will gain experience, proficiency, effective manufacturing skills and manage complex products and systems. The goal is to have all workers cross-trained to better meet customer demand and remain competitive. No trainees from the prior Agreement will receive duplicate training.

Classroom/Laboratory and Videoconference will be provided as follows:

Business Skills: This training will be offered to all occupations. Training will provide trainees with a greater understanding of customers' requirements and services, organization, sales, products and company operations.

Computer Skills: This training will be offered to all occupations to effectively utilize the Company's new and existing systems, to stay current with technology and manage overall business operations.

Continuous Improvement: This training will be offered to occupations with a focus on teambuilding, process improvements and maximizing efficiency to meet customers' expectations.

Hazardous Materials: This training will be offered to all occupations. Trainees will learn the proper techniques and knowledge for handling hazardous materials, chemicals, and hazardous waste.

Manufacturing Skills: This training will be offered to Production Staff/Warehouse Staff, Technicians and Engineers. Training will help staff improve manufacturing skills to meet customers' requirements and provide better products.

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

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

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned \$ %
ET14-0224	Camarillo and Livermore	11/25/13 – 11/24/15	\$99,372	\$87,191 (88%)

Exhibit B: Menu Curriculum

Class/Lab Hours

8-60

Trainees may receive any of the following:

BUSINESS SKILLS

- Accounting
- Bidding/Negotiation
- Coaching/Communication
- Conflict Resolution
- Credit & Collection skills
- Customer Relations
- Goal Setting, Company Mission
- Inventory Control
- Leadership
- Marketing
- Product Knowledge
- Project Management
- Sales & Business Development
- Time Management
- Technical Writing

COMPUTER SKILLS

- Business Insights Explorer Reporting
- CATIA (Engineering Modeling)
- Solid Works (Modeling)
- Costing and Pricing
- Customer Relationship Management (CRM)
- Computer Aided Design
- ERP Process Tracking Software (Quantum)
- Microsoft Office
- Statistical Financial Modeling
- Supply Chain Management
- Warehouse Management System

CONTINUOUS IMPROVEMENT

- AS9100
- AS9110
- ISO 9001: 2008
- Kaizen
- Process Problem Solving
- Process Improvement
- Root cause and Corrective Actions
- Statistical Process Control
- Six Sigma (Green belt, Black Belt)
- Teambuilding
- Process Value Stream Mapping

HAZARDOUS MATERIALS

- Hazardous Materials, Chemical and Waste Handling and Use

MANUFACTURING SKILLS

- Blueprint Reading
- Distribution Procedures
- Equipment Operations
- Federal Aviation Administration Regulations
- Geometric Design & Tolerancing (GD&T)
- Inspection Techniques
- Inventory Control-Cycle Counting
- Mechanical Systems
- Mini-Tab
- Operations Procedures
- Order, Picking, Packing, Shipping & Receiving Procedures
- Quality Control
- Shop Math
- Shop Procedures
- Soldering
- Testing Products
- Warehouse Procedures

Safety Training will be limited to 10% of total training hours per-trainee.

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