



Training Proposal for:

Nichols Farms

Agreement Number: ET15-0398

Panel Meeting of: March 27, 2015

ETP Regional Office: Sacramento

Analyst: M. Jones

PROJECT PROFILE

Contract Attributes:	Priority Rate Retrainee HUA	Industry Sector(s):	Manufacturing Agriculture Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Kings	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: 320	U.S.:320	Worldwide: 320
<u>Turnover Rate:</u>	13%		
<u>Managers/Supervisors:</u> (% of total trainees)	9%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	Total ETP Funding
\$423,000		\$0	\$0		\$423,000

In-Kind Contribution:	100% of Total ETP Funding Required	\$450,000
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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 HUA	Computer Skills, Continuous Impr, Mfg Skills, Literacy Skills	250	8-200	0	\$1,692	\$11.30*
				Weighted Avg: 94			

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

Minimum Wage by County: Job Number 1: \$11.30 per hour, HUA minimum wage for Kings 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 \$1.30 per hour may be used to meet the Post-Retention Wage.

Wage Range by Occupation

Occupation Titles	Wage Range	Estimated # of Trainees
Administrator		7
Laborer		21
Maintenance Helper		7
Maintenance Worker		16
Manager		12
Office Assistant		5
Production Worker		155
Quality Assurance Worker		17
Supervisor		10

INTRODUCTION

Nichols Farms is a family-owned business established in Kings and Tulare Counties in 1958. The Company has more than 1,000 acres of pistachio orchards along with almond orchards and row crops. In 1990, the family started a nut processing plant, handling approximately 20 million pounds of pistachio nuts each year for retail, wholesale and food service customers (along with a substantially lesser amount of almonds). Since then, demand has been so high that the Company now buys pistachios from other growers in the area.

Most of the products are sold in the United States under the name Nichols Farms and in the private brand names of major customers such as Costco, Wal-Mart, Walgreens, and CVS Pharmacies. However, about 20% of the nuts are exported to Europe, Japan, Australia and

China. The Company packages roasted and raw pistachios in packages ranging from 5 ounces to 3 pounds for retail customers and 25 or 30-pound cartons for wholesale and food service customers. The plant has been modernized regularly since opening. Today, most operations are powered by solar energy.

PROJECT DETAILS

This is the second proposal for Nichols Farms. Training in the previous Agreement focused on new employees and introduced incumbent workers to continuous improvement and Lean production systems. Under this proposal, the Company will institute two main initiatives: cross-training of incumbent workers to improve versatility and efficiency and enhancement of the continuous improvement system to incorporate it into day-to-day culture and operations.

In addition, trainees will need training as the Company continues improving production and offering new products. Raw and finished products –pistachios and almonds, both conventional and organic – will have to be handled, processed and stored differently at every stage of growing and processing to avoid cross-contamination and ensure food safety. Shared equipment will have to be sanitized in different ways between jobs to produce quality products. To meet market growth for health conscious consumers seeking natural foods, Nichols Farms is installing a new roaster in its processing plant to increase volume of production. Lastly, trainees will be trained to capture and utilize byproducts, such as oil in the roasting process, to reduce waste.

Training Plan

Training will include quality concepts, team skills, Lean manufacturing, designing improvement projects, problem solving, and optimizing work cells.

Computer Skills (10%) - Training will be offered to Administrators, Office Assistants, Managers, and Supervisors. Trainees need to understand how to use the Company software in order to perform their job duties. Computer training will be provided in applications software, Enterprise Resource Planning, and shop floor operations.

Manufacturing Skills (35%) - Training will be offered to Laborers, Maintenance Workers, Production Workers, and Quality Assurance Workers. The Company's products are dependent on machines and understanding how to operate them is crucial. Training will include farm management, sorting equipment, roasters, packaging equipment, and maintenance.

Continuous Improvement (35%) – Training will be offered to all occupations. Training will improve plant efficiency and production to keep up with a growing market. Training will include quality concepts, team skills, Lean manufacturing, problem and waste analysis, designing improvement projects, implementing improvements, optimizing work cells, communications skills, using data to improve performance, and related job-specific practices.

Literacy Skills (10%) – Training will be offered to Laborers, Maintenance Workers, and Production Workers. Training will enable frontline workers to progress to leadership positions and handle more complex tasks.

Seasonal Workers

Although Nichols Farm is an agricultural organization and have seasonal workers, this proposal will focus on providing training to permanent, full-time workers.

Substantial Contribution

Nichols Farms is a repeat contractor with projected payments earned in excess of \$250,000 at the Hanford facility within the past five years (See Active Project Table.). However, Nichols Farms is not subjected to a substantial contribution as Job Creation earned funds are not used in calculating the need for a substantial contribution. Under the active Agreement, Nichols Farms will not earn over \$250,000 for incumbent retrainees.

Commitment to Training

Nichols Farms spends \$500,000 annually, per facility, on training. The Company currently provides safety training, standard operating procedures (as necessary), on-the-job training, and equipment operation. Company representatives state that ETP funding will permit training on a company-wide basis and provide more training on a faster timetable. Nichols Farms will continue to train new and existing employees after the conclusion of this Agreement.

Nichols Farms 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

Nichols Farms is ready to start training immediately. The Company has dedicated four part-time staff members to administer the project. Additionally, the Company will subcontract with Steve Duscha Advisories for ETP project administration functions.

High Unemployment Area

All trainees work in a High Unemployment Area (HUA), a region with unemployment exceeding the state average by at least 25%.

➤ Wage Modification

Nichols Farms is requesting a post-retention wage modification for all trainees in this proposal to 25% below the ETP Minimum Wage. The modified post-retention wage would be reduced from \$15.07 per hour to \$11.30 per hour, as shown in the Training Plan Table for Job Number 1.

Impact/Outcome

After training, trainees should be able to meet the following objectives, respective to their individual job responsibilities:

- Sort, prepare, package, store, and ship pistachios;
- Demonstrate a thorough knowledge of best safety practices;
- Complete and document all product quality checks;
- Complete and document all food safety checks;
- Actively participate in preventing and correcting potential quality related issues;
- Communicate and interact with others in a manner consistent with Continuous Improvement principles;
- Initiate, organize, and actively participate in team meetings, committees, and task forces;

- Demonstrate proficiency in multiple operations skill areas;
- Use packaging-forming, -wrapping, and -bundling equipment;
- Understand, use, and follow standard operating procedures;
- Understand and perform maintenance on specified equipment; and
- Follow inventory control procedures.

RECOMMENDATION

Staff recommends approval of this proposal.

ACTIVE PROJECTS

The following table summarizes performance by Nichols Farms under an active ETP Agreement:

Agreement No.	Approved Amount	Term	No. Trainees (Estimated)	No. Completed Training	No. Retained
ET13-0319	\$294,300	04/1/2013– 03/31/2015	220	233	6

Based on ETP Systems, 17,390 reimbursable hours have been tracked for potential earnings of \$294,300 (100% of approved amount).

DEVELOPMENT SERVICES

Nichols Farms retained Steve Duscha Advisories in Sacramento to assist with development of this proposal for a flat fee of \$15,000.

ADMINISTRATIVE SERVICES

Nichols Farms also retained Steve Duscha Advisories to perform administrative services in connection with this proposal for a fee not to exceed 13% of payment earned.

TRAINING VENDORS

To Be Determined

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

8 - 200

Trainees may receive any of the following:

COMPUTER SKILLS

- ✦ Applications Software
- ✦ Enterprise Resource Planning System
- ✦ Shop Floor Computer Operations

CONTINUOUS IMPROVEMENT

- ✦ Applying Lean Methodology Tools to Business
- ✦ Standardizing Lean Systems Across Business Units
- ✦ Kanban Systems
- ✦ Creating Lean System Leaders
- ✦ Effective Communication Skills
- ✦ Leading in a Team Environment
- ✦ Selecting Team Members
- ✦ Frontline Leadership
- ✦ Frontline Problem Solving
- ✦ Identifying Lean Projects
- ✦ Implementing Lean Projects
- ✦ Customer Service Skills
- ✦ Protocols for Process Improvement
- ✦ Documentation for Process Improvement
- ✦ Sustaining Continuous Improvement Systems

MANUFACTURING SKILLS

- ✦ Handling Organic Produce
- ✦ Requirements for Organic Produce
- ✦ Safe Working Conditions
- ✦ Theory and Process for Allergen Separation
- ✦ Sanitation Requirements for Processing Organic Produce
- ✦ Using Optical Sorters
- ✦ Maintenance of Optical Sorters
- ✦ Types of Sorts
- ✦ Food Safety Principles and Processes
- ✦ Creating Standard Operating Procedures
- ✦ Using Standard Operating Procedures in Production
- ✦ Forklift Operation and Safety
- ✦ Packaging Systems
- ✦ Roasting Systems
- ✦ Managing Inventory
- ✦ Sampling and Testing
- ✦ Setting Product Parameter Specifications to Maintain Quality
- ✦ Chemical Use for Sanitation
- ✦ Efficient Turnarounds and Changeovers
- ✦ Safety Policies and Procedures
- ✦ Preventive Maintenance
- ✦ Troubleshooting Equipment Operation
- ✦ Setup and Use of Packaging Equipment
- ✦ Setup and Use of Roasters

- ✚ Good Manufacturing Processes
- ✚ Maintenance of Electrical Systems
- ✚ Traceability of Product for Food Safety

LITERACY SKILLS

- ✚ Vocational English as a Second Language
- ✚ Basic Math Skills

Literacy Training cannot exceed 45% of total training hours per-trainee
Safety Training will be limited to 10% of total training hours per-trainee

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