



RETRAINEE - JOB CREATION

Training Proposal for:

On-Time Air Conditioning and Heating, Inc. dba Service Champions

Agreement Number: ET17-0197

Panel Meeting of: August 26, 2016

ETP Regional Office: San Francisco Bay Area

Analyst: C. Hoover

PROJECT PROFILE

Contract Attributes:	Priority Rate Retrainee SET Job Creation Initiative Veterans HUA	Industry Sector(s):	Construction Services Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Alameda, Contra Costa, Placer, Santa Clara	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: 188	U.S.: 188	Worldwide: 188
<u>Turnover Rate:</u>	18%		
<u>Managers/Supervisors:</u> (% of total trainees)	9%		

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;">\$413,000</td></tr> </table>	Program Costs	\$413,000	-	<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;">\$413,000</td></tr> </table>	Total ETP Funding	\$413,000
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In-Kind Contribution:	100% of Total ETP Funding Required	\$609,322
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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 SET Priority Rate	Business Skills, Commercial Skills, Computer Skills, Continuous Impr	140	8-200	0	\$900	\$21.28
				Weighted Avg: 50			
2	Job Creation Initiative SET Priority Rate	Business Skills, Commercial Skills, Computer Skills, Continuous Impr	70	8-200	0	\$3,000	\$12.77
				Weighted Avg: 150			
3	Veterans Retainee SET Priority Rate	Business Skills, Commercial Skills, Computer Skills, Continuous Impr	10	8-200	0	\$1,100	\$21.28
				Weighted Avg: 50			
4	Veterans Job Creation Initiative SET Priority Rate	Business Skills, Commercial Skills, Computer Skills, Continuous Impr	20	8-200	0	\$3,300	\$12.77
				Weighted Avg: 150			

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 regardless of the wage expressed in this table. The highest minimum wage rate will prevail.

Minimum Wage by County: Job Numbers 1 & 3: (SET Priority) \$21.28; Job Numbers 2 & 4: \$14.19 Alameda, Contra Costa, Santa Clara counties; \$12.77 Placer, Napa & Yolo County counties.

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 \$2.08 per hour may be used to meet the Post-Retention Wage for Job Numbers 1 & 3. Up to \$0.77 per hour may be used to meet the Post-Retention Wage for Job Numbers 2 & 4.

Other Compensation: Incentive pay (“bonus”), which is a normal and recurring part of the Company’s employee compensation for all occupations, may be used in addition to health benefits for some trainees to meet the ETP minimum wage. Over the previous 12 months, the bonus amount ranged from \$0.00 - \$29.62 per hour. The average bonus amount was \$3.35 per hour. Approximately 38% of the staff from all occupations may need incentive pay, in addition to health benefits, to meet the ETP minimum wage.

OTA also has a formal Commission Plan that is a regular part of the compensation structure for Service Technicians/Installers, which is paid on a monthly basis and is based on a 4% commission rate for the sales achieved. Over the previous 12 months, the Commission amount ranged from \$0.00 - \$7.04 per hour. The average monthly Commission amount was \$0.77 per hour.

Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
Job Number 1		
Customer Service/Dispatch		14
Corporate Support/Operations Staff		18
Service Technician/Installer		83
Frontline Lead/Supervisor/Manager		10
Sr. Service Technician/Installer		15
Job Number 2 (Job Creation)		
Customer Service/Dispatch		6
Corporate Support/Operations Staff		6
Service Technician/Installer		50
Frontline Lead/Supervisor/Manager		8
Job Number 3 (Veterans)		
Customer Service/Dispatch		2
Corporate Support/Operations Staff		2
Service Technician/Installer		2
Frontline Lead/Supervisor/Manager		2
Sr. Service Technician/Installer		2
Job Number 4 (Veterans/Job Creation)		
Customer Service/Dispatch		4
Corporate Support/Operations Staff		4
Service Technician/Installer		10
Frontline Lead/Supervisor/Manager		2

INTRODUCTION

Founded in 2003, and headquartered in Pleasanton, On-Time Air Conditioning and Heating, Inc. dba Service Champions (OTA) (www.servicechampions.net) is a residential contractor that installs, services and maintains a wide variety of air conditioning, heating and indoor air quality products including thermostats, furnaces, heat pumps, duct work and insulation. OTA serves residential customers in 120 cities across Northern California.

OTA qualifies for funding under Special Employment Training (SET) guidelines as a priority industry specialty contractor not facing out-of-state competition.

PROJECT DETAILS

Since 2004, the Company has grown from 20 employees to almost 200, causing the need for expansion to its headquarters' location in Pleasanton. This facility will be expanded to include a large, dedicated training center. The Service Center, which is currently co-located within this

facility, will be moved to an off-site location. The Company will also be opening two new facilities, in Napa and West Sacramento.

Industry demand for heating, ventilation and air conditioning (HVAC) services is projected to increase in the next five years. This is due in part to the growing popularity of energy-efficient systems for home installation. ETP-funded training will allow the Company to provide skills-upgrade training for incumbent installers and technicians, and new hires, as needed, to stay current with new technologies and systems.

- Smart Equipment – A smart thermostat and equipment integration allows remote control of systems by the homeowner.
- ServiceMax - A new Enterprise Resource Planning (ERP) system with cloud capability will streamline activities across multiple departments such as Sales, Accounting, Dispatch, Warehouse, Installation, and Field Services.
- Avaya IP (Internet Protocol) Office- A new phone system that will securely integrate with the Company's software to streamline customer service calls. The new system also integrates with Salesforce/ServiceMax giving OTA's internal users direct access to the phone system within the software applications.

Retrainee - Job Creation

In support of job creation, the Panel is offering 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.

OTA is expanding business capacity by expanding existing facilities and opening new facilities. The Company ultimately will fill 200 positions. In this proposal, OTA has committed to hiring 90 new employees (Job Numbers 2 and 4). OTA 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.

Training Plan

The following training plan was created after completion of a formal needs assessment. Courses will be delivered through Class/Lab and E-Learning methods.

Business Skills (25%): Training will be offered to all occupations. Training will upgrade skills such as customer service/customer relationships, communication skills, dispatch procedures, new/upgraded product knowledge and service skills. In addition, training on equipment will help employees better assist residential customer service and dispatch functions.

Commercial Skills (40%): Training will be offered to Service Technicians/Installers, Frontline Lead, Supervisors and Managers. Trainees will receive courses related to serving residential customers with their cooling and heating needs. Training will include skills such as: residential indoor air quality, equipment diagnostics/maintenance, maintaining merchandise (inventory and warehouse skills) and residential smart equipment. Trainees will also be trained on Smart Equipment: installation and servicing.

Computer Skills (15%): Training will be offered to all occupations. The training will be provided based specifically on the systems that each individual trainee utilizes in their daily job

function. In addition, Intermediate/Advanced Microsoft Office (Word, Excel and PowerPoint) and tablet computer application software training will be delivered.

Continuous Improvement (20%): Training will be offered to all occupations. The goal is to improve OTA's efficiency and productivity by implementing improved processes throughout the organization. As the Company continues to grow and add new products and technologies, skills such as change management, leadership skills, process mapping/process improvement, project management, and time management will help the Company work efficiently in an on-time environment.

Commitment to Training

OTA represents that ETP funds will not displace the existing financial commitment to training. The Company's training budget is approximately \$568,000 for 2016. The Company provides new hire orientation; Cal OSHA required training, ladder safety, lifting safety, hydration on-the-job training and sexual harassment prevention training.

In addition, the Company will be providing CPR certification training to all of its Technicians and Installers. Mandatory training is delivered company-wide (e.g. – Sexual Harassment & Cal OSHA), but some training may be department or job-specific training. OTA delivers training through various methods- classroom settings, lab settings, via on-the-job training and by using E-Learning for the company's satellite offices. Safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

➤ Training Infrastructure

A Vice President will manage the project internally along with support from the Company's Department of Human Resources. The Company recently hired a Training Manager to assist with the creation of a new training curriculum and to expand its in-house training capabilities. OTA has also hired an experienced third party administrator, Training Funding Partners, to assist with administration.

High Unemployment Area

The 14 trainees in Job Numbers 2 & 4 work in Yolo County, High Unemployment Area (HUA) with unemployment exceeding the state average by at least 25%. However, OTA is not asking for a wage modification.

Impact/Outcome

ETP funding will support OTA's efforts to hire and train new employees. In addition, it will support training for employees the Company would not be able to reach without funds and expansion of its in-house training.

Special Employment Training

Under SET, the participating employer is not required to demonstrate out-of-state competition. To qualify under SET, trainees must be earning at least the statewide average hourly wage at the end of the retention period. Job Creation trainees qualify at the New Hire Standard Minimum Wage.

The Panel may modify the minimum wage requirement for companies in priority industries, such as construction, up to 25% below the state average hourly wage (\$21.28). OTA is requesting this modification.

Veterans Program

The Panel has established a higher reimbursement rate and other incentives for training California veterans. OTA appreciates the qualities and skills that veterans gain from their military service. In this proposal, the training plan reflects 30 Veteran trainees that will receive ETP funded training, 10 Veteran trainees in Job Number 3 and 20 Veteran Job Creation trainees in Job Number 4.

RECOMMENDATION

Staff recommends approval of this proposal.

DEVELOPMENT SERVICES

OTA retained Training Funding Partners (TFP) in Fountain Valley to assist with development of this proposal for a flat fee of \$24,600.

ADMINISTRATIVE SERVICES

OTA also retained TFP to perform administrative services in connection with this proposal for 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:

BUSINESS SKILLS

- Customer Service/Customer Relationships
- Business Processes & Procedures
- Communication Skills
- Dispatch Procedures
- Equipment and Industry Overview
- Finance/Accounting Skills
- Residential Heating and Air Conditioning Industry/Equipment Overview (non-technicians)
- Maintenance/Membership Programs
- Sales/Marketing Skills
- New/Upgraded Product Knowledge and Service Skills
- Writing Quotes/Financing

COMMERCIAL SKILLS

- Equipment Diagnostics/Maintenance
- Electricity/Voltage & Schematics
- Heat Pumps
- Maintaining Merchandise Inventory/Warehouse Skills
- Mechanical Refrigeration
- Principles of Electronics
- Residential Ducting/Installations
- Residential Environment Technology/Controls
- Residential Indoor Air Quality
- Residential Smart Equipment

COMPUTER SKILLS

- Avaya Phone System/Technology Integration
- Call Center/Dispatch Application Skills
- Intermediate/Advanced Microsoft Office (Word, Excel, PowerPoint)
- Paycom Payroll System
- ServiceMax Software Application/Enterprise Resource Planning System (ERP)
- Tablet Computer Applications

CONTINUOUS IMPROVEMENT

- Change Management Skills
- Leadership Skills
- Problem Solving Skills
- Process Mapping/Process Improvement Skills
- Project Management Skills
- Root Cause Analysis/Troubleshooting
- Time Management Skills

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

E-Learning Hours

8 – 200

Trainees may receive any of the following:

BUSINESS SKILLS

- Customer Service/Customer Relationships
- Business Processes & Procedures
- Communication Skills
- Dispatch Procedures
- Equipment and Industry Overview
- Finance/Accounting Skills
- Residential Heating and Air Conditioning Industry/Equipment Overview (non-technicians)
- Maintenance/Membership Programs
- Sales/Marketing Skills
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COMMERCIAL SKILLS

- Equipment Diagnostics/Maintenance
- Electricity/Voltage & Schematics
- Heat Pumps
- Maintaining Merchandise Inventory/Warehouse Skills
- Mechanical Refrigeration
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- Residential Ducting/Installations
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COMPUTER SKILLS

- Avaya Phone System/Technology Integration
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Safety Training will be limited to 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.