

DELEGATION ORDER



RETRAINEE - JOB CREATION

Training Proposal for:

John F. Otto, Inc. dba Otto Construction

Agreement Number: ET15-0474

Approval Date: June 2, 2015

ETP Regional Office: Sacramento

Analyst: M. Mazzone

PROJECT PROFILE

| | | | |
|---|---|---------------------|--|
| Contract Attributes: | Priority Rate Retrainee Job Creation Initiative SET HUA | Industry Sector(s): | Construction Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| Counties Served: | Monterey, Sacramento | 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: 120 | U.S.: 120 | Worldwide: 120 |
| <u>Turnover Rate:</u> | 5% | | |
| <u>Managers/Supervisors:</u> (% of total trainees) | 12% | | |

FUNDING DETAIL

| | | | | | |
|---------------|---|----------------------------|-------------------------|---|--------------------------|
| Program Costs | - | (Substantial Contribution) | (High Earner Reduction) | = | Total ETP Funding |
| \$67,620 | | \$0 | \$0 | | \$67,620 |

| | | |
|------------------------------|---|-----------------|
| In-Kind Contribution: | 100% of Total ETP Funding Required | \$97,170 |
|------------------------------|---|-----------------|

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 SET | Business Skills, Commercial Skills, Computer Skills, Cont. Imp., HazMat, Mgmt. Skills, OSHA 30 | 47 | 8-200 | 0-22 | \$1,260 | \$20.55 |
| | | | | Weighted Avg: 70 | | | |
| 2 | Retrainee Job Creation Initiative Priority Rate SET | Business Skills, Commercial Skills, Computer Skills, Cont. Imp., HazMat, Mgmt. Skills, OSHA 30 | 6 | 8-200 | 0-22 | \$1,400 | \$20.55 |
| | | | | Weighted Avg: 70 | | | |

Minimum Wage by County: SET/Priority Industry: \$20.55 per hour

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 \$4.55 per hour may be used to meet the Post-Retention Wage for Job Number 1; and up to \$2.55 per hour may be used for Job Number 2.

| Wage Range by Occupation | | |
|--------------------------------|------------|-------------------------|
| Occupation Titles | Wage Range | Estimated # of Trainees |
| Job Number 1 | | |
| Accounting Staff | | 3 |
| Administrative Staff | | 1 |
| Estimator | | 2 |
| Senior Estimator | | 1 |
| Information Technology Manager | | 1 |
| Marketing Representative | | 1 |
| Project Engineer | | 13 |
| Project Assistant | | 2 |
| Front Office Staff | | 2 |
| Project Manager | | 11 |
| Superintendent | | 8 |
| Safety Manager | | 1 |
| Shop Staff | | 1 |

| Job Number 2 | | |
|----------------------|--|---|
| Administrative Staff | | 1 |
| Estimator | | 2 |
| Project Engineer | | 2 |
| Project Assistant | | 1 |

INTRODUCTION

John F. Otto, Inc. dba Otto Construction (Otto Construction) (<http://ottoconstruction.com/>), was founded in Sacramento in 1947. Otto Construction is a California licensed general contractor providing multiple construction services including: construction project oversight, subcontractor hiring and management, work responsibility designation, and lease-leaseback services.

The Company has worked on the construction of office buildings, parking structures, community centers, manufacturing plants, senior care facilities, educational facilities and hospitals. The Company has also been involved in historical renovation projects. Otto Construction has facilities in Sacramento and in Monterey, both of which will participate in this training proposal.

PROJECT DETAILS

Otto Construction is aiming to be at the forefront of Leadership in Energy and Environmental Design (LEED) for the construction industry in Northern California. LEED promotes “green” construction to use key resources more efficiently. LEED standards mean that a building’s design, construction, and performance meet five key areas of environmental and health concern: energy efficiency, water efficiency, materials use, resource use, and indoor air quality.

As environmental awareness becomes more prevalent, the demand for LEED construction has increased significantly. To meet consumer needs, staff will require training in the design and build services required from LEED certification. In addition, Otto Construction will deliver training to improve communication, sales, marketing, software, management, hazardous materials and Lean concepts.

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.

Otto Construction has committed to hiring six new employees (Job Number 2). The Company 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.

Otto Construction is expanding its market share consistent with upgraded services using LEED certification standards. The business expansion will increase the number of projects the Company can bid. The Company estimates that they will increase their staff by 10% to meet the increase in business from taking on LEED projects.

Training Plan

Trainees will receive between 8-200 hours of Classroom/Laboratory and/or E-Learning training. In addition, trainees may receive up to 22 hours of Computer-Based Training (CBT). CBT will lay the foundation for courses and class/lab training will expand on those lessons.

Business Skills (25%): Training will be delivered to all occupations and will focus on industry best practices to ensure project success and improving interpersonal and soft skills. Training topics include Sales, Marketing, Negotiation, Risk Management, Business Communication, Construction Law and Contracts, Lease Back Contract Writing and Management, and Construction Financial Analysis and Accounting.

Commercial Skills (30%): Training will be delivered to Estimators, Senior Estimators, Project Engineers, Project Assistants, Superintendents and Project Managers. Training will focus on the principles of LEED, "Green" Construction and the further development of its staff's knowledge of the construction industry. Training will include Concrete Forming, Construction Management, Estimating, Environment Impact Planning, LEED Building Design, LEED Building Fundamentals, Electrical and Plumbing. [Note: There are classes on "Lien Law & Remedies." (See Exhibit B) The company represents that these classes would not be used to assert or defend their rights in relation to private parties, but only to commercial/industrial clients.]

Management Skills (5%): Training will be delivered to Managers and Supervisors to foster a highly productive work atmosphere and to grow the talents of emerging leaders. Topics include Achieving Operational Excellence, Coaching Procedures, Effective Meetings for Leaders, Leadership Skills, Motivational Skills, Team Building and Decision Making.

Computer Skills (20%): Training will be delivered to the Information Technology Manager, Project Engineers, Project Assistants, Front Office Staff, Administrative Staff, Estimators, Senior Estimators and Accounting Staff. Training delivered will improve processes and efficiencies and focus on building design software, accounting software and a new enterprise resource planning (ERP) system. Topics include BIM/Revit/Navis, Intermediate or Advanced Microsoft Office, ERP, Innovaya Software, In Design Software, Plangrid and Timberline.

Hazardous Materials (5%): Training will be delivered to all occupations excluding Front Office, Accounting and Administrative Staff. This training is necessary to ensure that hazardous materials are handled and disposed of properly on the construction site. Training topics include Asbestos Removal, Hazardous Materials Handling, Lead Renovation, and Storm Water Compliance.

Continuous Improvement (10%): Training will be delivered to all occupations to promote a higher degree of quality and efficiency companywide. Training is critical to allow projects to remain on budget. Training topics include Cost Control, Creating a Culture of High Performance, Problem Solving and Decision Making, Quality Control and Waste Reduction.

OSHA 30 (5%): This training is a series of courses "bundled" by industry sector and occupation. It consists of 30 hours of course material for frontline supervisors and Safety Managers. The coursework is geared to construction work, and manufacturing. Completion of the training results in a certificate that expands employment opportunities. The coursework must be approved by Cal-OSHA, and the instructors must be certified by Cal-OSHA. Otto Construction will provide this training to Project Managers, Superintendents and Safety Manager.

Part Time-to-Permanent

Otto Construction currently employs college students on a part-time basis. These employees will participate in training and may receive an offer of full time employment after graduation. To remain consistent with the Panel's guidelines for "temporary to permanent" employment, it will be made a condition of the contract that Otto Construction cannot invoice for part-time employees until they have been hired on a full-time permanent basis, and retention cannot begin until after they are hired on such basis.

Special Employment Training/High Unemployment Area

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. For Priority Industries the wage may be reduced by 25% to \$20.55. Otto Construction is requesting this modification for Job Numbers 1 & 2.

Five trainees in Job Number 1 work in a High Unemployment Area (HUA), with unemployment exceeding the state average by 15%. The Company's location in Monterey County qualifies for HUA status under these standards. However, Otto Construction is not requesting a wage or retention modification.

Impact/Outcome

Otto Construction's dedication to training will allow their staff to become more reputable and knowledgeable. The training will ultimately lead to Otto Construction winning more bids and growing as a company.

Commitment to Training

Otto Construction has an annual training budget of \$80,000 per location, which includes state-mandated safety, construction regulations training, new employee orientation, and sexual harassment prevention. Otto Construction 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

The Company currently has six in-house instructors that deliver training in their area of expertise. Additionally, Otto Construction has designated a staff member to schedule training and oversee the completion and collection of training rosters. Sierra Consulting Services has been retained by Otto Construction and will be responsible for administration duties.

RECOMMENDATION

Staff recommends approval of this proposal.

DEVELOPMENT SERVICES

Sierra Consulting Services in Cameron Park assisted with development for a flat fee of \$2,695.

ADMINISTRATIVE SERVICES

Sierra Consulting Services will also perform administrative services 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:

BUSINESS SKILLS

- Automated Purchase Order System
- Billing Process
- Business Communications Skills
- Business Writing and Grammar Skills
- Cash Flow Management
- Communications Across Generations
- Conflict and Dispute Resolution
- Construction Accounting
- Construction Law and Contracts
- Construction Financial Analysis
- Sales Skills
- Controlling Chaos and Thriving Under Pressure
- Marketing Skills
- Negotiation Skills
- Finance for Construction
- Presentation Skills
- Lease Back Contract Writing and Management
- Effective Meetings
- Mentoring Skills
- Networking Skills
- Project Scheduling and Management
- Public Speaking Skills
- Risk Management
- Proposal Writing
- Understanding Work-in-Progress
- Change Order Negotiations
- Construction Contract Administration
- Construction Cost Awareness and Production

COMMERCIAL SKILLS

- Construction Material Bonding
- Building Systems
- Concrete Forming
- Confined Space
- Construction Bonds
- Construction Logistics and Sequencing
- Construction Management
- Construction Quality Management
- Contract Documents and Construction Law
- Risk Transfer
- Crisis Management
- Environmental Impact Planning
- Estimating
- Foreman's Advantage

- Obtaining Work Authorization
- Construction Insurance
- Leadership in Energy and Environmental Design (LEED) Building Codes
- LEED Building Design
- LEED Building Fundamentals
- Lien Law & Remedies
- Managing Subcontractors
- Mechanical, Electrical and Plumbing
- Planning and Scheduling
- Project Engineer Boot Camp
- Tank Construction
- Unit Cost Tracking
- Work Order Processing
- Confined Space
- Defensive Driving
- Fall Protection
- Forklift Training

COMPUTER SKILLS

- Intermediate and Advanced Microsoft Office
- Building Information Modeling (BIM)
- BIM/Revit/Navis
- Bluebeam
- CAD Software
- Graphic Design
- ERP System
- In Design Software
- Innovaya Software
- P6
- Plangrid
- Timberline - Projections
- Revit Architecture Fundamentals
- Social Media (ex. Linked in)
- Suretrack
- Timberline Software
- VM Ware
- Website Maintenance

CONTINUOUS IMPROVEMENT

- Change Management
- Change Order Reduction
- Cost Control
- Creating a Culture of High Performance
- Coaching/Mentoring Skills
- Leadership Skills
- Problem Solving/Decision Making
- Process Capability
- Process Improvement
- Production Operations/Workflow

- Project Management
- Quality Control
- Sequencing for a Successful Project
- Teamwork
- Time Management
- Heat Illness Awareness
- Waste Reduction

HAZARDOUS MATERIALS

- Asbestos Removal
- Excavation Safety
- Hazardous Chemical Overview
- Hazardous Materials Handling
- Lead Renovation
- Storm Water Compliance

MANAGEMENT SKILLS (Managers/Supervisors Only)

- Achieving Operational Excellence
- Coaching Procedures
- Decision Making
- Effective Meeting for Leaders
- Emerging Managers Development
- Essential Skills for New Supervisors
- Finance for Technical Managers
- Financial Analysis for Non-Financial Managers
- Leadership Skills
- Motivation Skills
- Supervisory Skills
- Team Building
- Manager Skills – Communication, Writing, Grammar, Listening, and Conflict Resolution

OSHA 30 (Certified Instructor)

- OSHA 30 (requires completion of 30 hours)

Safety Training cannot exceed 10% of total training hours per-trainee
(This cap does not apply to Hazmat, OSHA 10/30 or HAZWOPER)

E-Learning Hours

0-200

BUSINESS SKILLS

- IT Help Desk Management
- Construction Cost Awareness and Production

COMMERCIAL SKILLS

- Estimating
- Construction Insurance
- Planning and Scheduling
- Construction Bonds

CBT Hours

0-22

BUSINESS SKILLS

- Contagious Leadership (1 hr)
- Assertive Communication Skills (1 hr)
- Control the Chaos and Clean Out the Clutter (1 hr)
- Controlling Chaos and Thriving Under Pressure and Destruction (1 hr)
- How Conversation Works (1 hr)
- How to Deal with Difficult People (1 hr)
- Memory Dynamics (1hr)
- Intermediate/Advanced Microsoft Office Short Cuts, Tips & Tricks (1 hr)
- New Psychology of Achievement (1 hr)
- Reading Dynamics (1 hr)
- Relationship Strategies (1 hr)
- Say “No” Without Guilt (1hr)

CONTINUOUS IMPROVEMENT

- 7 Habits of Highly Effective People (1 hr)
- Stephen R. Covey 0 The 8th Habit (1 hr)
- How to Overcome Negativity in the Workplace (1 hr)
- Problems at Work (1 hr)
- Safety and Security at the Front Desk (30 min)
- Self Esteem and Peak Performance (1 hr)
- Self-Discipline & Emotional Control (1 hr)

MANAGEMENT SKILLS

- Coaching Skills for Managers and Supervisors (1 hr)
- How to Delegate Work and Ensure it's Done Right (1 hr)

CBT is capped at 50% of total training hours, per trainee excluding OSHA 10/30 and HAZMAT.

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery. CBT is capped at 50% of total training hours, per trainee excluding OSHA 10/30 and HAZMAT.