

DELEGATION ORDER



RETRAINEE - JOB CREATION

Training Proposal for:

POM Wonderful Holdings, LLC dba POM Wonderful

Agreement Number: ET17-0250

Approval Date: October 10, 2016

ETP Regional Office: Sacramento

Analyst: J. Lazarewicz

PROJECT PROFILE

Contract Attributes:	Retrainee Veterans	Industry Sector(s):	Manufacturing Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Fresno, Los Angeles	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: 330	U.S.: 330	Worldwide: 7,000
<u>Turnover Rate:</u>	10%		
<u>Managers/Supervisors:</u> (% of total trainees)	10%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	Total ETP Funding
\$97,850		\$0	\$0		\$97,850

In-Kind Contribution:	100% of Total ETP Funding Required	\$221,000
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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	Business Skills, Computer Skills, Continuous Impv., Mfg. Skills, OSHA 10/30, PL – Mfg. Skills	165	8-200	0	\$522	*\$11.70
				Weighted Avg: 29			
2	Retrainee Priority Rate	Business Skills, Computer Skills, Continuous Impv., Mfg. Skills, OSHA 10/30, PL – Mfg. Skills	30	8-200	0	\$288	*\$16.48
				Weighted Avg: 16			
3	Retrainee Veteran Job Creation	Business Skills, Computer Skills, Continuous Impv., Mfg. Skills, OSHA 10/30, PL – Mfg. Skills	5	8-200	0	\$616	*\$12.77
				Weighted Avg: 28			

*It will be made a condition of contract that trainees 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 Number 1:** \$11.70 per hour in Fresno County;
Job Number 2: \$16.48 per hour in Los Angeles County; and
Job Number 3: \$12.77 per hour in Fresno County, \$13.73 per hour in 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
 Up to \$1.70 per hour for Job Number 1 and up to \$3.25 per hour for Job Number 2 may be used to meet the Post Retention Wage. For Job Number 3, up to \$2.62 per hour (Fresno County) and up to \$3.25 per hour (Los Angeles County) may be used to meet the Post Retention Wage.

Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
Job Number 1 (Retrainees)		
Administrative Staff		15
Customer Service Staff		5
Engineer		10
Manager/Supervisor		10
Production/Support Staff		125
Job Number 2 (Retrainees)		
Administrative Staff		13

Customer Service Staff		5
Engineer		1
Manager/Supervisor		5
Production/Support Staff		6
Job Number 3 (Veteran Job Creation)		
Administrative Staff		1
Engineer		1
Manager/Supervisor		1
Production/Support Staff		2

*The lowest end of this range will move up to \$10.50 on January 1, 2017 consistent with State minimum wage law.

INTRODUCTION

Founded in 2000 and headquartered in Los Angeles, POM Wonderful Holdings, LLC dba POM Wonderful (POM) (www.pomwonderful.com) is a wholly owned subsidiary of The Wonderful Company LLC. POM is a food and beverage manufacturer (its products are sold worldwide) that produces a line of natural 100% pomegranate juices available in its iconic “double bubble” bottle. Brand names include POMx, LITE POM, and POMx Tea. POM has two locations, Los Angeles and Del Rey. Both facilities will participate in training.

PROJECT DETAILS

POM is improving operating efficiency and production capacity through the use of a new Lean Manufacturing system interface called Wonderful Improvement Network (WIN). Through WIN, POM trainees will receive learn how to expand their skill level, improve product quality, reduce waste, and gain transferable skills.

POM wants to create opportunities for advancement by developing and promoting employees in-house. To this end, the Company will provide Continuous Improvement such as 5S, Kaizen Events and Six Sigma.

Training Plan

Business Skills (15%): Training will be provided to Customer Service Staff. Topics will include accounting, business processes, communication skills, goal setting, performance coaching, and product knowledge. Training is intended to increase customer satisfaction and sales.

Computer Skills (5%): Training will be provided to Managers/Supervisors and Customer Service Staff. Topics will include computerized inventory, internal customer applications, and MS Office. Training will expand employees’ knowledge of computer programs to respond promptly to customer needs, provide on-time deliveries, and improve sales.

Continuous Improvement (40%): Training will be provided to all occupations. Topics will include Critical Thinking Skills, Kaizen Events, Problem Solving and Resolution, Team Building, and Six Sigma/Lean Manufacturing. These topics will improve operational efficiency, reduce costs, and build stronger teams.

Manufacturing Skills (30%): Training will be provided to Production Staff. Topics include Case Packers, Food Safety, Juice Filling Equipment, Plastic Injection Molding, and Labeling Systems. Trainees will also be cross-trained on all machines. This will result in efficient equipment operation that will reduce operating costs.

Productive Laboratory (PL) – Manufacturing Skills (5%)

Productive Laboratory (PL) trainees may produce goods for profit as part of the training in the courses identified under the Curriculum. The instructor must be dedicated to training delivery during all hours of training.

PL training will supplement Class/Lab training to strengthen employees' understanding of production tasks on each specific piece of equipment. PL will be delivered to 30 Production Staff on operating procedures of various equipment that require specialized skills to operate such as fruit labeling/handling equipment, beverage equipment, bottle making equipment, juice extraction equipment, and filling equipment. The trainer will observe the trainee and offer coaching and mentoring throughout the process. Trainees will be deemed competent after a specified number of successful completions.

POM is requesting 60 hours at a 1:3 trainer-to-trainee ratio in Manufacturing Skills. The Company requires a higher trainer-to-trainee ratio due to the limited number of equipment and trainers. Most of the equipment run on extended shifts throughout the day so optimizing training time when equipment is available is necessary. Production may be reduced by as much as 20% during training.

Certified Safety Training

OSHA 10/30. This training is a series of courses “bundled” by industry sector and occupation. It consists of 10 hours of classroom or CBT training for journey-level workers and 30 hours for frontline supervisors. The coursework is geared to construction work, and also 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.

This training will be provided to Managers/Supervisors and Production Staff. The goal is to give Managers/Supervisors the knowledge to maintain a safe work environment; and to show Production Workers how they can be actively involved in reducing injuries on the job.

High Unemployment Area

The 170 trainees in Job Numbers 1 and 3 work in Fresno County, a High Unemployment Area (HUA) with unemployment exceeding the state average by at least 25%.

➤ Wage Modification

For these trainees, the Panel may modify the ETP Minimum Wage by up to 25% if post-retention wages exceed the start-of-training wages. POM is requesting a 25% wage modification (from \$15.60 per hour to \$11.70 per hour) for trainees in Job Number 1 only.

Retrainee - Job Creation

In support of job creation, the Panel is offering 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.

POM has grown steadily by 10% in the last two years. To support this growth, POM is expanding their business capacity by adding newly hired employee to an existing function.

POM has committed to hiring five new employees as shown in Job Number 3 (Veterans). 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. These trainees will be hired into “net new jobs” as a condition of contract.

Veterans Program

The Panel has established a higher reimbursement rate and other incentives for training California veterans. POM plans to hire five Veterans as a part of their full-time workforce (Job Number 3).

Commitment to Training

ETP funds will not displace the existing financial commitment to training. POM’s annual training budget per facility is approximately \$262,000 for new-hire orientation, OSHA-mandated training, sexual harassment prevention, and first aid training. Safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

➤ Training Infrastructure

National Training Company, Inc. will assist with ETP project administration. POM has also assigned staff members as administrative coordinators to schedule training, collect training rosters, and submit training rosters to the administrative subcontractor for data entry into ETP systems. All original rosters and any other pertinent records will be maintained at POM’s Del Rey facility.

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

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

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned \$ %
ET13-0407	Del Rey	06/24/2013– 06/23/2015	\$99,720	\$0 (0%)

ET13-0407: In 2013, POM determined that it needed to implement new Continuous Improvement techniques to improve product quality and safety. This was the focus of training under ET13-0407. The Agreement was terminated early (02/27/14) with no billing or performance on the contract. The shift toward higher quality standards required the implementation of new operating procedures. However, these new standards were not being implemented by the management team. For this reason, training was put on hold. Since then, the management team has been replaced, including a new Director of Continuous Improvement. The current management team fully supports the training plan proposed here.

DEVELOPMENT SERVICES

POM retained National Training Company, Inc. in Irvine to assist with development of this proposal for a flat fee of \$5000.

ADMINISTRATIVE SERVICES

POM also retained National Training Company in Irvine, CA to perform administrative services in connection with this proposal for a fee not to exceed 13% of funds earned.

TRAINING VENDORS

To Be Determined

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

8-200

Trainees may receive any of the following:

CONTINUOUS IMPROVEMENT

- 5S
- Critical Thinking Skills
- Kaizen Events
- Leadership Skills
- Measuring for Success
- Problem Solving and Resolution
- Six Stigma
- Lean Manufacturing
- Team Building
- Safety Leadership

COMPUTER SKILLS

- Computerized Inventory
- Internal Customer Applications
- MS Office (Intermediate and Advanced)

MANUFACTURING SKILLS

- Bottle Making Equipment
- Case Packer
- Compliance Tracking
- Electrical Systems
- Emergency Planning
- Extraction Equipment
- Standard Operating Procedures
- Equipment Cross-Training
- Equipment Drive Systems
- Equipment Maintenance/Repair Skills
- Equipment Set-Up and Testing
- Food Safety
- Forklift Certification
- Good Manufacturing Practices
- Inventory and Raw Materials
- Juice Filling Equipment
- Labeling Systems
- Palletizer
- Pick & Capping Systems
- Plastic Injection Molding
- Sorting Systems
- Tray Packer

BUSINESS SKILLS

- Accounting Skills
- Business Processes
- Communication Skills

- Goal Setting
- Product Knowledge

OSHA 10/30 (Certified OSHA Instructor)

- OSHA 10 (Requires completion of 10-hour course)
- OSHA 30 (Requires completion of 30-hours course)

PL Hours

0-60

MANUFACTURING SKILLS (1:3 Trainer-to-Trainee Ratio)

- Fruit Labeling/Handling Equipment
- Beverage Equipment
- Bottle Making Equipment
- Juice Extraction Equipment
- Filling Equipment

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery. PL is capped at 60 hours per-trainee.