



RETRAINEE - JOB CREATION

Training Proposal for:

Performance Foodservice - Southern California, a Division of Performance Food Group, Inc.

Agreement Number: ET16-0461

Panel Meeting of: June 24, 2016

ETP Regional Office: North Hollywood

Analyst: L. Vuong

PROJECT PROFILE

Contract Attributes:	Retrainee Priority Rate Job Creation Initiative	Industry Sector(s):	Goods Movement Services Transportation/Logistics Wholesale Trade Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	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: 900	U.S.: 11,100	Worldwide: 12,000
<u>Turnover Rate:</u>	17%		
<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;">\$182,000</td></tr> </table>	Program Costs	\$182,000	-	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">(Substantial Contribution)</td></tr> <tr><td style="text-align: center;">\$0</td></tr> </table>	(Substantial Contribution)	\$0	=	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">(High Earner Reduction)</td></tr> <tr><td style="text-align: center;">\$0</td></tr> </table>	(High Earner Reduction)	\$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;">\$182,000</td></tr> </table>	Total ETP Funding	\$182,000
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In-Kind Contribution:	100% of Total ETP Funding Required	\$315,739
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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	Business Skills, Commercial Skills, Computer Skills, Cont. Imp., HazMat, Literacy Skills, OSHA 10/30	300	8-200	0	\$540	*\$16.48
				Weighted Avg: 30			
2	Retrainee Priority Rate Job Creation Initiative	Business Skills, Commercial Skills, Computer Skills, Cont. Imp., HazMat, Literacy Skills, OSHA 10/30	20	8-200	0	\$1,000	*13.73
				Weighted Avg: 50			

*It will be made a condition of contract that the trainees in these Job Numbers never be paid less than the State or local minimum wage rate as in reflect at the end of retention (Final Payment) regardless of the wage expressed in this table. The highest wage rate will prevail.

Minimum Wage by County: Job Number 1: \$16.48 per hour for Los Angeles County

Job Number 2 (Job Creation): \$13.73 per hour for 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 \$2.48 per hour may be used to meet the Post-Retention Wage for Job Number 1.

Wage Range by Occupation

Occupation Titles	Wage Range	Estimated # of Trainees
Job Number 1		
Driver		110
Warehouse Staff		90
Inventory Staff		5
Sales Staff		25
Purchasing Staff		10
Quality Control Staff		1
Administrative Staff		30
HR Staff I		3
HR Staff II		1
Manager I		20
Manager II		5

Job Number 2 (Job Creation)		
Driver		10
Warehouse Staff		6
Sales Staff		1
Manager		3

INTRODUCTION

Founded in 1987 and located in the City of Industry, Performance Foodservice – Southern California, a Division of Performance Food Group, Inc. (PF – So. CA) (www.performancefoodservice.com) is an assembly food service distribution operation specializing in Italian and Italian-American food products, equipment, food related products and non-food items used within the food service industry. The Company carries and distributes its own signature brand as well as competing brands of products such as baked goods, USDA meats, poultry, condiments, cleaning supplies, serving items, trays and paper goods. The Company delivers more than 125,000 products to 85,000 customer locations on a daily basis. Major customers include Subway, Butterball, Campbell's, Coca Cola, General Mills, Kellogg's and Kraft Foods.

Headquartered in Richmond, Virginia, the Company has two facilities in California, one in Livermore and one in the City of Industry. In this proposal, PF – So. CA is requesting ETP funding to train 300 full-time employees and 20 full-time newly-hired employees (Job Creation) at the City of Industry location, where all training will take place. This will be PF – So. CA first ETP Agreement. (PF – So. CA's parent company, Performance Food Group, Inc. has previously held an ETP Agreement.)

The Company faces many challenges that drive the need for training:

- expanding their customer base to include all food and grocery items;
- operating new equipment and commercial vehicles;
- meeting customer demands;
- keeping up with technological advances;
- training incumbent workers to back fill behind retired workers; and
- finding commercial truck drivers.

Over the past year, PF – So. CA has experienced a 12% growth in customers and an increase in its workforce from 260 employees to 300 employees at the City of Industry facility. The Company anticipates an additional increase of 10% in productivity and 5% in revenue over the next two years.

At the request of a Panel member, this proposal was removed from the Consent Calendar as noticed for last month's meeting, and held over to this month.

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 subjected to a lower post-retention wage.

To remain competitive in the industry, PF – So. CA must continue to redesign, update and create new program curriculum to meet current market needs and services. Its goal is to

provide workers with the necessary technical skills required to operate new equipment and commercial vehicles, increase customer services, and become more efficient in delivery. In addition, PF – So. CA has implemented two new initiatives: an in-house Certified Commercial Driver's License program for Drivers and a Sales Task Force, a tool to increase sales and attract new customers. PF – So. CA also recently invested approximately \$7,000 in new equipment and software including People Net, Salesforce and hand held scanners. As such, the Company is incorporating new training methods and best practices to address these challenges and put the Company in a better position to compete.

As business grows and services expand, PF – So. CA has committed to hiring 20 new employees over the next two years (Job Number 2). PF – So. CA will train these employees to accommodate various business needs and new services. Trainees will learn to launch new sales techniques, operate new vehicles and equipment and have a better understanding of the Company's overall business operations.

The date-of-hire for all trainees in Job Number 2 will be within the three-month period before the contract approval or within the term-of-contract. These trainees will be hired into "net new jobs" as a condition of contract.

PROJECT DETAILS

The Company is implementing new strategies to improve current business functions, expand services, meet customer demands and expectations and keep up with technological advances.

Training Plan

ETP funds will help the Company deliver formalized training and meet its strategic goals of developing an effective and competent workforce. Workers will gain new skill sets and experience needed for optimal job performance and career advancement, keep up with technological advances, improve a quick turn-around delivery system and able to operate new equipment and vehicles. Training will be provided by in-house subject matter experts, and outside vendors if needed.

Classroom/Laboratory and Videoconference training will be provided in the following:

Business Skills (15%): This training will be offered to Managers, Inventory, Sales, Purchasing, Quality Control, Administrative and HR Staff. Workers will learn all aspects of new products and services, customer relations, communication, sales and business planning. Training will provide workers the necessary skills to increase knowledge and motivate employees to perform at their best.

Commercial Skills (20%): This training will be offered to Drivers and Warehouse Staff to focus on becoming a Commercial Driver License (CDL) driver. Trainees will learn in-depth on comprehension, terminology, operating systems and technical proficiency. Knowledge and skills obtained will prepare trainees to take CDL examination by the Department of Motor Vehicle.

Computer Skills (10%): This training will be offered to all occupations to effectively utilize the Company's automated systems to support and manage overall business operations. Training will include Advanced Microsoft Office, Visio – Charting design software and People Net applications.

Continuous Improvement (30%): This training will be offered to all occupations to focus on quality and process improvement to provide better quality products and services that will attract new customers and increase profit margins.

Hazardous Materials (10%): This training will be offered to Drivers, Managers, Warehouse, Inventory and Purchasing Staff. Trainees will learn proper techniques, knowledge and communication on handling chemicals, frozen foods as well as food handling and hazardous materials.

Literacy Skills (5%): This training will be offered to Drivers and Warehouse Staff. Training will help trainees meet the ongoing need to improve written and verbal communication skills for individuals for whom English is their second language. It will also increase their comprehension skills in the workplace to become more productive.

Certified Safety Training

OSHA 10/30 (10%) – OSHA 10 training will be provided to Drivers, Warehouse, Inventory and Quality Control Staff. OSHA 30 training will be provided to Managers to ensure a safe work environment.

1. 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 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.

Commitment to Training

PF – So. CA has an annual training budget of approximately \$315,739. Training consists of mandatory safety training, sexual harassment prevention, standards of conduct and abusive conduct. Most training is delivery via class/lab and on-the-job training.

ETP funds will support PF – So. CA's ongoing financial commitment to training. After the completion of the ETP program, PF – So. CA will continue to focus on developing and upgrading employee abilities and ensuring that employees possess the skills sets needed to be successful and career oriented.

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

Training is scheduled to begin upon Panel approval. PF – So. CA has designated a VP of Human Resources and individuals in each department to oversee ETP training and administrative responsibilities including managing, scheduling, delivery and documentation of training. PF – So. CA will also utilize a third party administrator for enrollment, data tracking and invoicing. (See Administrative Services below)

Impact/Outcome

PF – So. CA anticipates that approximately 50 Warehouse Staff and Drivers will be trained and become CDL drivers after the completion of training in Commercial Skills – CDL training.

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

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

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned \$ %
ET13-0194	Livermore	10/18/12 – 10/17/14	\$75,600	\$23,130 (31%)

According to the Contractor, the low performance was attributed to issues at their Northern California facility. The Company reports it was difficult to stop production to give training; most trainees did not meet the 35 hours per week full-time employment and minimum wage requirements; and, trainers did not complete required training documentation. However, the Northern California facility is not part of this project. Each facility operates independently, with a separate management team, staff, trainees, scheduling, training plan, needs and goals. To ensure the success of this proposal, PF – So. CA has requested a much smaller funding amount with a more modest training plan with a minimum of eight training hours. The Company also has designated a VP of Human Resources and individuals at each department to coordinate and oversee ETP training and ensure trainees are released to attend training. They will also oversee administrative responsibilities.

DEVELOPMENT SERVICES

Judith's Training Services (JTS) in Los Angeles assisted with development for a flat fee of \$9,880.

ADMINISTRATIVE SERVICES

JTS will also perform administrative services for a fee not to exceed 10% 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

- Payroll
- Marketing
- Business Planning
- Business Administration
- Business Report Writing and Editing
- Merchandising
- Financial Strategy
- Product Knowledge
- Strategic Planning
- Project Management (Evaluations/Monitoring)
- Communications Skills
- Customer Relations
- Sales Skills

COMMERCIAL SKILLS

- Fork Lift
- Commercial Drivers License
- Equipment Operation & Repair
- Warehousing
- Cross-Training in Production Equipment Skills

COMPUTER SKILLS

- Advanced Microsoft Office
- Publisher – News Letter, Customer Colateral
- Visio – Charting Design
- Manufacturing Resource Planning (MRP/ERP/SAP/Oracle)
- Salesforce Applications

CONTINUOUS IMPROVEMENT

- Statistical Process Control
- Problem Solving
- Team Building
- Quality Concepts
- Total Quality Management
- Just-In-Time Process
- Production Operations/Workflow
- Process Improvement
- Decision Making
- Leadership Skills
- Coaching Procedures
- Assembly Procedures
- Motivation
- Inventory Control

HAZARDOUS MATERIALS

- Dry Goods
- Refrigerated Foods
- Frozen Foods
- Chemical
- Hazardous Materials/Waste

LITERACY SKILLS

- Vocational English as a second language (VESL) – Writing, Reading, Comprehension

OSHA 10/30 (Certified OSHA Instructor)

- OSHA 10 (Requires Completion fo 10 hours)
- OSHA 30 (Requires Completion of 30 hours)

Literacy Training cannot exceed 45% of total training hours per-trainee
Safety Training cannot exceed 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.