

DELEGATION ORDER



RETRAINEE - JOB CREATION

Training Proposal for:

Prime Tech Cabinets, Inc.

Agreement Number: ET16-0300

Approval Date: December 15, 2015

ETP Regional Office: San Diego

Analyst: J. Davey

PROJECT PROFILE

Contract Attributes:	Job Creation Initiative Priority Rate Retrainee	Industry Sector(s):	Manufacturing Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Orange	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: 133	U.S.: 133	Worldwide: 133
<u>Turnover Rate:</u>	17%		
<u>Managers/Supervisors:</u> (% of total trainees)	8%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	Total ETP Funding
\$74,400		\$0	\$0		\$74,400

In-Kind Contribution:	100% of Total ETP Funding Required	\$74,500
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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, Computer Skills, Continuous Impr, Mfg Skills, PL-Mfg Skills	50	8-200	0	\$1,080	\$16.02
				Weighted Avg: 60			
2	Retrainee Priority Rate Job Creation Initiative	Business Skills, Computer Skills, Continuous Impr, Mfg Skills, PL-Mfg Skills	12	8-200	0	\$1,700	\$13.35
				Weighted Avg: 85			

Minimum Wage by County: Job Number 1: \$16.02 per hour for Orange County;
 Job Number 2: \$13.35 per hour for Orange 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 \$2.65 per hour may be used to meet the Post-Retention Wage.

Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
Job Number 1		
Assembly/Installation Staff		15
Manager/Supervisor		4
Production Staff		12
Sales & Administrative Staff		14
Warehouse Staff		5
Job Number 2 – Job Creation		
Assembly/Installation Staff		3
Production Staff		5
Sales & Administrative Staff		3
Warehouse Staff		1

INTRODUCTION

Established in 2007 and located in Irvine, Prime Tech Cabinets, Inc. (PTC) designs, manufactures, and installs custom and standard cabinetry (including cabinets, closets, and storages) for residential and commercial customers. The Company works with home developers, remodelers, and commercial customers from the design phase through production and installation. The Company operates two facilities: a manufacturing plant and a nearby showroom.

PROJECT DETAILS

According to PTC, the building industry in the greater Southern California region is growing again after the recent economic downturn that started in 2009. Homeowners are renovating again and new construction has increased. This has caused a strain on PTC, as new orders for cabinetry have increased substantially. Additionally, the Company faces lower-cost competition from out-of-state competitors in Florida and Texas, as well as international competitors in China and Mexico.

In order to meet business needs and remain competitive, the Company must improve its production and installation processes. Specifically, the Company must institute process improvements to decrease production times, reduce waste, and streamline processes.

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.

In this proposal, Prime Tech Cabinets has committed to hiring 12 new employees as shown in Job Number 2. Prime Tech Cabinets 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.

Due to expanding its current business capacity, PTC needs to hire more workers to increase production. Most of the new workers will be Production and Installation. The Company has ample space to fully assimilate new workers and will add some new equipment for this increase.

Training Plan

PTC will provide the following skills to its workers at its two locations in Orange County. All of the training will be conducted by skilled internal trainers.

Business Skills (10%): Training will be offered to Sales & Administrative Staff, Managers/Supervisors, and Production Staff in Advance Financial Management Principles and Customer Service & Sales Skills. Training will improve skills in these essential areas to improve trainees' overall business knowledge and communication with customers.

Computer Skills (10%): Training will be offered to Sales & Administrative Staff, Warehouse Staff, Assembly/Installation Staff, Managers/Supervisors, and Production Staff in job-specific skills in the Company's new ERP system and in Microvellum CAD/CAM software and QuickBooks financial software. These skills are necessary to automate and streamline business processes throughout the organization.

Continuous Improvement (20%): Training will be offered to Sales & Administrative Staff, Warehouse Staff, Assembly/Installation Staff, Managers/Supervisors, and Production Staff in Lean Manufacturing, Production Workflow, and Warehouse Best Practices. Training is designed to provide the necessary skills to improve processes/production times and reduce waste.

Manufacturing Skills (40%): Training will be offered to Assembly/Installation Staff, Managers/Supervisors, and Production Staff. Trainees will learn how to properly and safely use wood drills, saws, dowel spoolers, laminators, paint sprayers, CNC machines, sanders, and

other wood working equipment. Trainees will be cross-trained on multiple pieces of equipment so that they will be able to work on any phase of the production process.

Productive Laboratory – Manufacturing Skills (20%)

The Panel adopted regulations to authorize reimbursement for training delivered in a Productive Laboratory (PL) setting. 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.

Because PTC manufactures high-quality cabinetry, employees who make these products must have the requisite hands-on skills to be able to meet quality standards and customer requirements. PL-Manufacturing training will be delivered to Production Staff and Assembly/Installation Staff, both incumbent and newly-hired. Assembly/Installation staff will receive additional training on installation techniques delivered at customer job sites.

PL training will compliment Class/Lab training. Employees are coached and guided by technical experts in their respective departments. Trainees will mostly be one-on-one with trainers; however, some materials are large in size and may require a trainer-to-trainee ratio of 1:2. Trainees may receive up to 30 hours of PL training.

Commitment to Training

PTC spends between \$50,000 to \$60,000 annually on training. The Company states that training provided in the past has centered on safety, basic production and installation training and company orientation for new workers. All occupations have received some training in these areas.

PTC 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

PTC will use internal staff to provide project administration, with the help of an administrative subcontractor (Assured Incentives).

RECOMMENDATION

Staff recommends approval of this proposal.

DEVELOPMENT SERVICES

PTC retained Assured Incentives Group in San Clemente to assist with development of this proposal for a flat fee of \$6,000.

ADMINISTRATIVE SERVICES

PTC also retained Assured Incentives Group to perform administrative services in connection with this proposal for a fee not to exceed 8% of payment earned.

TRAINING VENDORS

To Be Determined

Exhibit B: Menu Curriculum

Class/Lab Hours

8 – 60

Trainees will receive any of the following:

BUSINESS SKILLS

- Advanced Financial Management Principles
- Customer Service & Sales Skills

COMPUTER SKILLS

- Advanced CAD/CAM Drawing & Design
- QuickBooks Software – Reports & Projections
- Custom ERP Training

CONTINUOUS IMPROVEMENT

- Lean Manufacturing (Value Stream Mapping)
- Production Workflow Improvement
- Warehouse Best Practices
 - Itemizing & Tagging Product Categories
 - Protective Wrapping & Processing

MANUFACTURING SKILLS

- Custom Assembly Troubleshooting
- Blueprint Reading & Measurements
- Advanced CNC Operations/CNC Boring
- Paint Spraying & Texturing Technique
- Cross-Functional Skills Training – Table & Band Saws
- Advanced Milling Techniques
- Advanced Finishing Techniques
- Safe Equipment/Machine Operation

Productive Lab Hours

0 – 30

MANUFACTURING SKILLS (Trainer-to-Trainee Ratio: 1:2)

- Custom Assembly Troubleshooting
- Blueprint reading & Measurements
- Advanced CNC Operations/CNC Boring
- Paint Spraying & Texturing Technique
- Cross-Functional Skills Training – Table & Band Saws
- Advanced Milling Techniques
- Advanced Finishing Techniques
- Safe Equipment/Machine Operation

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

Note: Reimbursement for retraining is capped at 60 total hours per-trainee, regardless of method of delivery. PL is capped at 30 hours per-trainee.