

Delegation Order



**Training Proposal for:
Quality Controlled Manufacturing, Inc.**

Small Business

ET17-0176

Approval Date: August 12, 2016

ETP Regional Office: San Diego

Analyst: M. Ray

CONTRACTOR

- Type of Industry: Manufacturing

- Number of Full-Time Employees
 - California: 79
 - Worldwide: 79
 - Number to be trained: 77

- Out-of-State Competition: NAICS Code Eligible
- Special Employment Training (SET): Yes No
- High Unemployment Area (HUA): Yes No
- Turnover Rate: 7%
- Repeat Contractor: Yes No

Priority Industry: Yes No

Owner Yes No

FUNDING

- Requested Amount: \$96,096
- In-Kind Contribution: \$105,299

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 SB <100 Priority Rate	Business Skills, Computer Skills, Continuous Impr, Mfg Skills	77	8 - 150	0	\$1,248	*\$16.46
				Weighted Avg: 48			

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

- Reimbursement Rate: \$26 SB Priority
- County(ies): San Diego
- Occupations to be Trained: Administrative Support, Engineering, Production, Manager/Supervisor
- Union Representation: Yes
 No
- Health Benefits: \$2.87 per hour

SUBCONTRACTORS

- Development Services: N/A
- Administrative Services: N/A
- Training Vendors: To Be Determined

OVERVIEW

Founded in 1978, Quality Controlled Manufacturing, Inc. (QCMI) (www.qcmfginc.com) specializes in precision machining of all metals including exotic alloys. The Company manufactures parts, components, and complex assemblies for the aerospace, power generation, oil and gas, marine and heavy equipment industries and the Department of Defense. The Company also provides computer numerical control turning, milling, and grinding; conventional machining; welding; electrical discharge machining; fabrication; inspection; engineering; aging/annealing; non-destructive testing; assembly; and supply chain management.

This will be the second Agreement between QCMI and ETP in the last five years. In its previous ETP project, the Company was able to provide its workers with various Computer, Continuous Improvement, and Manufacturing Skills training to meet a high level of quality assurance and adaptability for industry and individual customer requirements. Since then, QCMI experienced an unprecedented growth.

Funding from the previous contract also allowed the Company to develop a succession path to fill in behind exiting workers who have been with the Company for over 20 years and are now retiring. QCMI also provided cross-training workers to perform job duties as well as promote to a higher level position.

Training need in this proposal will be driven by the Company's significant business growth and projected expansion. Specifically, QCMI added a new department to become a Federal Aviation Administration (FAA) Repair Center. The Company also recently finalized its long-term contract with an Original Equipment Manufacturer customer in Montreal, Canada; and is expanding its services to include ChemFilm (chemical conversion coating used to passivate aluminum).

Training will continue to be driven by customer and industry demands to meet stringent quality requirements. For example, the aerospace industry continues to demand high standards including AS9100 certification and systems that ensure quality standards are maintained and continuously improved.

With the help of ETP funding, QCMI is poised to develop a specific training program to successfully support the above changes and expansion.

Training Plan

Some curriculum topics are repeated from the prior ETP Agreement. However, the subject matter has been updated or revised, to ensure no duplication of training. Employees who participated in the first Agreement will receive new training in curriculum topics that will build upon the skill sets previously acquired. Some workers who were unable to participate in the Six Sigma Green Belt training provided in the previous project will now receive this training.

ETP training will begin upon approval and will be delivered at the Santee location by mostly in-house trainers; however, the Company may acquire training vendor/s to deliver training during the training period of this project. Training will be delivered via the following Class/Lab training in the following skills:

Business Skills: Training will be offered to all occupations. Training topics include business writing, business analysis, presentation skills, communication, and cost benefit analysis to improve customer relations as well as enhance skills necessary to obtain new markets, customers and businesses.

Computer Skills: Training will be provided to all occupations. Enterprise Resource Planning training will ensure trainees the effective use of the system. SolidWorks and Mastercam training will continue to allow Engineering and Production Staff to successfully explore the capabilities of the Company's computer-aided design and manufacturing tool software. Visual Fair training will provide Production Staff the skills to improve quality, eliminate waste and reduce lead time.

Continuous Improvement: Training will be offered to all occupations. All trainees will receive a wide spectrum of Six Sigma Green Belt, Lean Manufacturing, Quality Systems, Internal Auditor, ITAR, and AS9100 training needed to successfully increase customer sales while complying with quality systems requirements.

Manufacturing Skills: Training will be offered to Production and Managers/Supervisors. Training will include Blue Print Reading, Machine Set-up/Operation, Shop Inspection, Non-Destructive Testing and FAA Repair Procedures. Training in these areas will continue to

promote substantial investment in employee development to support business growth and become a significant California FAA repair center in the marketplace.

Modifications

Increase in Range of Hours

In its previous project, QCMI, as a small business, requested an increase in the maximum hours from 60 to 200 for incumbent and 60 to 150 for Job Creation trainees. As shown in the Prior Projects Table, performance was 100%. (There is no Job Creation in this proposal.)

The Company is again requesting to increase the maximum hours for incumbent trainees. As before, QCMI requests an increase in the maximum hours from 60 to 150. The increase in training hours will allow the Company to provide some workers initial exposure to Six Sigma as well as move staff towards Phase II of Green Belt training in Quality Clinic Root Cause, Corrective Action, and Value Stream Mapping.

The weighted average hours are 48 hours for all trainees. QCMI completed 72 weighted average hours in the prior Agreement.

Contract Term

For the same reason mentioned above, although the standard term of contract for Small Business is 12 months, QCMI requests a 24-month term of contract.

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

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

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned	
				\$	%
ET14-0329	Santee	5/5/14 – 5/4/16	\$89,960	\$89,960 (100%)	

QCMI documented 3,605 eligible training hours to equal more than the Agreement amount. Per the Contract Status Report in the ETP Tracking System, the Company should earn \$89,960 which is 100% of the Agreement amount in potential earnings for 50 trainees. The Final Invoice Closeout has been submitted and is in process.

Exhibit B: Menu Curriculum

Class/Lab Hours

8 – 150

Trainees may receive any of the following:

BUSINESS SKILLS

- + Business Writing
- + Business Analysis
- + Presentation Skills
- + Communication Skills
- + Cost Benefit Analysis

COMPUTER SKILLS

- + Mastercam
- + Microsoft Office
- + Enterprise Resource Planning
- + SolidWorks
- + Visual Fair

CONTINUOUS IMPROVEMENT

- + Six Sigma Green Belt
- + Lean Manufacturing
- + Quality Systems
- + Team Building
- + Leadership Skills
- + Internal Auditor
- + AS9100
- + International Traffic in Arms Regulations

MANUFACTURING SKILLS

- + Blueprint Reading
- + Machine Set Up
- + Machine Operation
- + Shop Inspection
- + Federal Aviation Administration Repair
- + Non-Destructive Testing

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

Note: Reimbursement for retraining is capped at 150 total hours, per-trainee, regardless of method of delivery.