



**Retrainee – Job Creation
Training Proposal for:
Quinn Group, Inc.**

Agreement Number: ET15-0472

Panel Meeting of: June 26, 2015

ETP Regional Office: North Hollywood

Analyst: M. Paccarelli

PROJECT PROFILE

Contract Attributes:	Retrainee Priority Rate SET HUA Job Creation Initiative	Industry Sector(s):	Manufacturing Services Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Los Angeles, Orange, Ventura, Kern, Tulare, Fresno, Santa Barbara, Monterey	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: 1,100	U.S.: 1,100	Worldwide: 1,100
<u>Turnover Rate:</u>	6%		
<u>Managers/Supervisors:</u> (% of total trainees)	11%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	=	(High Earner Reduction)	=	Total ETP Funding
\$224,098		\$0		\$0		\$224,098

In-Kind Contribution:	100% of Total ETP Funding Required	\$231,600
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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.	207	8-200	0	\$864	\$15.07
				Weighted Avg: 48			
2	Retrainee SET	Business Skills, Computer Skills, Continuous Impr., Mfg. Skills, PL-Mfg.	15	8-200	0	\$600	\$27.40
				Weighted Avg: 40			
3	Retrainee SET HUA	Business Skills, Computer Skills, Continuous Impr., Mfg. Skills, PL-Mfg.	30	8-200	0	\$675	\$15.07
				Weighted Avg: 45			
4	Retrainee Job Creation Initiative	Business Skills, Computer Skills, Continuous Impr., Mfg. Skills, PL-Mfg.	20	8-200	0	\$800	\$12.33
				Weighted Avg: 40			

Minimum Wage by County: Job Numbers 1 & 3: \$15.97 per hour for Los Angeles County; \$16.02 per hour for Orange County; and \$15.07 per hour for Kern, Fresno, Monterey, Santa Barbara, Tulare and Ventura Counties. Job Number 2: \$27.40 per hour for SET Statewide Average Hourly Wage. Job Number 4: \$13.31 per hour for Los Angeles County; \$13.35 per hour for Orange County; and \$12.33 per hour for Kern, Fresno, Monterey, Santa Barbara, Tulare and Ventura Counties.

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 \$4.10 per hour may be used to meet the Post-Retention Wage for Job Numbers 1-4.

Job 1 Wage Range by Occupation

Occupation Titles	Wage Range	Estimated # of Trainees
Administrative Staff		10
Coordinator		10
Driver		10
Sales Staff		10
Equipment Specialist		20
Support Staff		20
Technician		97
Manager/Supervisor		30

Job 2 Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
Administrative Staff		2
Coordinator		2
Driver		2
Sales Staff		2
Equipment Specialist		2
Support Staff		2
Technician		3

Job 3 Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
Administrative Staff		2
Coordinator		4
Driver		2
Sales Staff		2
Equipment Specialist		4
Support Staff		4
Technician		12

Job 4 Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
Administrative Staff		2
Coordinator		2
Driver		1
Sales Staff		1
Equipment Specialist		2
Support Staff		2
Technician		8
Manager/Supervisor		2

INTRODUCTION

This will be the fourth Agreement between ETP and Quinn Group, Inc. (Quinn) (www.quinncompany.com). The Company provides manufacturing, repair and rental services for heavy construction equipment, and specializes in component rebuild.

Quinn started as a farm implement dealer in 1919, providing agricultural, construction, and industrial equipment sales and services throughout California. The Company supplied Killefer Disk and Holt Tractors to Fresno-area farmers, which helped develop the San Joaquin Valley into a rich agricultural region. In 1925, Quinn became Caterpillar Tractor Company's (now Caterpillar Inc.) dealer in Fresno and Madera County. Since then, the Company has expanded through acquisitions and grown alongside the economy of California.

Headquartered in the City of Industry, Quinn is now in its third generation of family ownership with 24 California locations from Salinas to San Juan Capistrano. The Company is now an authorized facility for Caterpillar and Kent products, Stanley LaBounty hydraulic attachments, and provides construction equipment and machinery to commercial businesses and the U.S. government. Quinn's inventory includes asphalt, paving and concrete equipment; compaction equipment; crawler; loaders; dozers; excavators; motor graders; pipe layers; scrapers; and wheel loaders.

Quinn is also a component rebuilder and provider of other services such as re-manufacturing heavy equipment, equipment appraisals, financing and leasing and insurance, and transportation/hauling.

With current and emerging technological advances, America's heavy machinery marketplace is becoming more competitive in the global economy. To remain competitive and maintain its market share, Quinn recently constructed a 245,000 square foot re-manufacturing plant in the City of Industry at a cost in excess of \$20 million. The new plant was outfitted with new equipment, and some used equipment was reinstalled to make the facility operational.

As part of the new construction, Quinn also built a new Dynamometer Testing Center used to test heavy equipment engines and transmissions. Equipment is brought into the facility, mounted on testing equipment, and then stress tested to confirm the components meet CAT Standards. Technicians monitor equipment performance from a computerized control center that tracks all aspects of engines and transmissions.

The addition of these capabilities will allow the Company to hire new employees and thus increase business. Business demands are creating the need to grow, resulting in increased sales, additional employees and more secure jobs. Quinn is requesting ETP funds to allow the Company to expand its training culture at its new plant and remote facilities. The Company will implement a training program that will improve production efficiencies, customer service, and sales.

PROJECT DETAILS

TRAINING PLAN

Manufacturing Skills (70%) - Training will be provided to Equipment Specialists, Technicians and Support Staff to learn skills that support the new facility and equipment. Workers that have specialized skill sets or have worked on a limited number of equipment components will be cross-trained to meet compliance and technical construction heavy equipment specifications.

Business Skills (10%) – Training will be provided to all trainees to improve customer service, communication skills, internal and external communications and teamwork; to sharpen negotiation skills; help resolve complaints and improve customer satisfaction' to increase sales.

Computer Skills (10%) – Training will be provided to Equipment Specialists, Technicians and Support Staff on internal software applications. All other trainees will be provided training in Advanced and Intermediate MS Office necessary to better utilize computer information to respond more quickly to customer needs resulting in more on-time deliveries and increased sales.

Continuous Improvement (10%) – All trainees will require training on the new re-manufacturing facility. The trainees will participate in Six Sigma Processes, Lean Manufacturing Skills, and other techniques to improve workflow, increase efficiency, and reduce downtime.

Productive Laboratory

PL in Manufacturing Skills will be offered to 40 Equipment Specialists, Technicians and Support Staff in the operation of proprietary equipment in the new re-manufacturing plant. This training is too costly to replicate in a simulated setting. Trainees will receive a combination of class/lab and PL-Manufacturing Skills training. The trainers are in-house subject matter experts who are exclusively dedicated to instruction.

Heavy construction equipment and the repair and re-manufacture of tools and machinery can only be accessed onsite in a large maintenance facility. Trainees will learn to diagnose and repair machinery by observation, shadowing the trainer, and completing supervised assignments. Each PL event is structured with specific skills that trainees must learn. Trainees are ultimately evaluated on knowledge, skill, productivity, proficiency, and safety. Instructors must certify competency before trainees are allowed to work independently. Trainers will be in-house staff and subject matter experts with at least two years of experience in specialized heavy construction equipment and repair.

Majority of the trainer-to-trainee ratio for PL training will be 1:1. Approximately 5% will have 1:3 ratio due to availability of specialized heavy construction equipment. Up to 40 PL hours will be provided to incumbent trainees during cross-training and to newly hired trainees, particularly those who have not previously worked in the same industry.

Retrainee - Job Creation

In support of 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 are subject to a lower post-retention wage.

To support the expansion of its new facility and fully utilize the new equipment, Quinn has committed to hiring 20 new employees (Job Number 2). 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.

High Unemployment Area

Some trainees from all Job Numbers work in High Unemployment Areas (HUA), with unemployment exceeding the state average by 15%. The Company's locations in the cities of Lancaster, Salinas and the City of Industry; and in the counties of Tulare and Fresno are in an HUA.

➤ SET Wage Modification

Quinn is requesting an HUA wage modification only for Job Number 3 trainees that work in an HUA. These trainees qualify for the ETP Minimum Wage rather than the Statewide Average Hourly Wage.

Substantial Contribution

Quinn is a repeat contractor with payment earned in excess of \$250,000 for all California facilities within the past five years. However, no single facility has earnings in excess of \$250,000; therefore, the substantial contribution requirements do not apply.

Commitment to Training

Quinn spends approximately \$620,400 a year for training at all California facilities for several classes such as OSHA-mandated safety regulations, sexual harassment prevention, new orientation and first aid training. Training is mandatory for all occupations company-wide and is presented using class/lab, computer-based, and on-the-job methods.

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.

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

The following table summarizes performance by Quinn under ETP Agreements that were completed within the last five years:

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned
ET13-0296	Statewide	03/01/13 – 02/28/15	\$349,400	\$224,814 (64%)
ET11-0169	Statewide	02/07/11 – 02/06/13	\$220,500	\$215,291 (98%)

ET13-0296: Quinn's new re-manufacturing facility, which is the focus of the training, was not completed when this contract started as originally planned. The new facility became fully operational in 2014, but there was not enough time in the contract term to complete all training. In addition, due to a late start, several trainees did not complete the required minimum 24 hours during the term resulting in a low completion rate.

To ensure the success in this new proposal, Quinn requested a much smaller funding amount and a more modest training plan. The strategy included submission of this proposal when the new facility is now fully operational and the installation and certification of all required production equipment have been completed. This new proposal has lower required minimum training hours per trainee which will concentrate on the most critical skill sets, allowing for more trainee participation and maximized results for this company.

DEVELOPMENT SERVICES

Quinn retained National Training Company (NTC) in Irvine to assist with development of this proposal for a flat fee of \$15,000.

ADMINISTRATIVE SERVICES

NTC will also perform administrative services in connection with this proposal 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:

CONTINUOUS IMPROVEMENT

- Advanced Operating Procedures
- 6 Sigma Processes
- Lean Manufacturing Skills
- Project Management Skills

COMPUTER SKILLS

- Accessing the Computerized Inventory
- Cat Product Link
- Dealer Business System
- Internal Software Applications
- MS Office (Intermediate and Advanced)
- Parts Delivery Software
- Project Management Software Skills
- Software Installation and Maintenance
- VisionLink

MANUFACTURING SKILLS

- CAT System Troubleshooting
- Circuit Devices
- Control Valve Maintenance
- Engine and Transmission Dynamometer Operation
- Engine Performance Test Procedures
- Failure Analysis Procedures
- Forklift Operation
- Hydraulic Equipment Operation
- Machine Electronic Problem Diagnosis
- Motor and Pump Inspection
- Operating Heavy Equipment Production Equipment
- Parts and Product Specifications
- Reading Schematics
- Standard Operating Specifications
- Transmission Service

BUSINESS SKILLS

- Communication Skills
- Customer Service Skills
- Handling Difficult People
- Putting the Customer First
- Working as a Team

Productive Lab Hours

0-40

PL - MANUFACTURING SKILLS (1:1 to 1:3 ratio)

- Air Brake Equipment
- Equipment Assembly Procedures

- Control Valve Equipment
- Electronic System Equipment
- Engine and Transmission Dynamometer Operation
- Engine Service Equipment
- Fork Lift Equipment
- Heavy Production Equipment
- Hydraulic Service Equipment
- Maintenance Equipment
- Motor and Pump Equipment
- Transmission Equipment

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery. PL is capped at 40 hours per-trainee.