

**DELEGATION ORDER**



**Training Proposal for:  
Rally Auto Group, Inc.**

**Agreement Number: ET16-0449**

**Approval Date:** May 12, 2016

**ETP Regional Office:** North Hollywood

**Analyst:** J. Romero

**PROJECT PROFILE**

Contract Attributes:	Retrainee SET HUA	Industry Sector(s):	Retail Services  Priority Industry: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Counties Served:	Los Angeles	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: 239	U.S.: 239	Worldwide: 239
<u>Turnover Rate:</u>	17%		
<u>Managers/Supervisors:</u> (% of total trainees)	N/A		

**FUNDING DETAIL**

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	<b>Total ETP Funding</b>
\$96,000		\$0	\$0		\$96,000

In-Kind Contribution:	100% of Total ETP Funding Required	\$111,233
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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 SET	Business Skills; Commercial Skills	26	8-200	0	\$750	\$28.37
				Weighted Avg: 50			
2	Retrainee SET HUA	Business Skills; Commercial Skills	69	8-200	0	\$750	*\$16.48
				Weighted Avg: 50			
3	Retrainee SET HUA	Business Skills; Commercial Skills	33	8-200	0	\$750	*\$12.36
				Weighted Avg: 50			

\*It will be made a condition of contract that the trainees in these Job Numbers 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.

**Minimum Wage by County:** Job Number 1(SET Statewide): \$28.37  
 Job Number 2(SET/HUA): \$16.48 for Los Angeles County  
 Job Number 3(SET/HUA waiver): \$12.36 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 \$1.76 per hour may be used to meet the Post-Retention Wage in Job Numbers 1-3.

Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
<b>Job Number 1</b>		
Finance Representative		3
Service Manager		3
Service Technician		5
Service Advisor		5
Car Sales		10
<b>Job Number 2</b>		
Body Shop Technician		33
Car Sales		36
<b>Job Number 3</b>		
Body Shop Technician		15
Parts Sales		18

## **INTRODUCTION**

Founded in 1969 and headquartered in Palmdale, Rally Auto Group, Inc. (Rally Auto), ([www.rallyauto.com](http://www.rallyauto.com)), is a group of auto dealerships consisting of Rally GM Superstore, Rally Hyundai and Rally Kia. The Company serves the Antelope Valley area as a new and used car dealership and service center.

The rapid change in technology has transformed the car buying process within the past decade. There are now unlimited resources available to customers through the internet that provides vast information about vehicle performance, quality, rating and pricing. Auto dealerships are faced with well-informed car buyers and have to be more equipped with information than their customers. This prompted Rally Auto to focus on employee skill upgrades to adapt to the constant development and progression in car buying, service and repair.

As vehicles become more complex due to technological innovation and regulatory safety mandates, they also require new techniques and methods to service and sell. Vehicle features such as self-parking capability, auto braking, electric and hybrid vehicles, emissions regulations, smart transmissions require Service Staff to acquire new skills. Auto Mechanics and Technicians must learn these new systems; and have the capability to use computerized test equipment to diagnose problems. Sales staff must develop the skills in product knowledge and customer relations in order to be more efficient in recommending the vehicle that would meet customer's needs.

Training will begin upon contract approval, and will be center-based at all three auto dealerships. Classes will be provided mainly by the in-house trainers. This will be Rally Auto's first ETP Agreement.

## **PROJECT DETAILS**

Rally Auto aims to be the premier auto dealership in the Antelope Valley and a customer's first choice in car buying. To achieve this, the Company has committed significant resources to provide employee training in Business and Commercial Skills for its sales and service department.

This training will enhance worker skills to provide accurate product information, correct diagnostic advice and repair recommendations, thereby reducing customer down time and cost while achieving customer satisfaction.

### **Training Plan**

Training will allow Rally Auto to establish a new training culture and provide structured and formal training that will improve employee performance, customer service and sales.

**Business Skills (50%):** Training will be offered to all occupations. Training will include techniques to better help employers meet customer expectations. Increased customer satisfaction will result in increased demand in company services and sales.

**Commercial Skills (50%):** Training will be offered to Service and Body Shop Technicians. Training courses in vehicle maintenance upgrades will improve employee skills in recognizing problems immediately to speed up the diagnosis and repair process, to reduce customer wait-time and improve customer satisfaction.

### **Frontline Worker**

Rally Auto's job classification of Service Manager denotes employees that actively manage teams and projects, provide training, and spend more than 50% of their time performing frontline work.

These individuals do not hire, fire, or make company policy. These trainees meet the Panel's definition of frontline workers and are not considered "Managers".

### **SET/HUA - Wage Modification**

Under Special Employment Training (SET), the participating employer is not required to demonstrate out-of-state competition. To qualify under SET, trainees in non-priority industries must be earning at least the statewide average hourly wage at the end of the retention period.

However, all trainees in this proposal work in Palmdale, which is a city that has unemployment exceeding the state average by at least 25%. As such, this location qualifies as a High Unemployment Area (HUA). The Panel may modify the SET wage requirement from \$28.37 per hour, to the ETP Minimum Wage of \$16.48 in Los Angeles County. Rally is requesting this modification for 69 trainees (Job Number 2).

In addition, the Panel may modify the wage requirement for training in an HUA to 25% below the ETP Minimum Wage, if post-retention wages exceed the state-of training wages. Rally is requesting this further modification for 33 trainees (Job Number 3) to \$12.36 per hour.

### **Commitment to Training**

Rally Auto reserves an annual budget of \$300,000 for training, which includes mandatory training, employee orientation, OSHA mandated training, sexual harassment prevention and first aid training. Rally Auto represents, that ETP funds will not displace the Company's existing financial commitment to training and that safety training is, and will continue to be provided in accordance with all pertinent requirements under state and federal law.

#### ➤ Training Infrastructure

Rally Auto is ready to start training upon approval. Training will be provided at the three Rally Auto facilities in Palmdale by a combination of in-house staff and trainers by outside vendors. Rally Auto has retained the services of Training Refund Group for the administration of the ETP project.

### **RECOMMENDATION**

Staff recommends approval of this proposal.

### **DEVELOPMENT SERVICES**

Training Refund Group in Anaheim assisted with development for a flat fee of \$3,000.

### **ADMINISTRATIVE SERVICES**

Training Refund Group will also perform administrative services 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:

**BUSINESS SKILLS**

- Product Knowledge
- Sales Technique
  - Getting to Know Customer Needs
  - Understanding the Hidden Objection
  - Presenting the Appropriate Solution
  - Closing the Sale
  - Understanding and Handling Buyer's Remorse
  - Delivering on Delivery
- Customer Relations
- Commission Calculation
- Financing Rules

**COMMERCIAL SKILLS**

- Engine Hardware & Mechanical Systems
- Engine Diagnosis & Repair
- Engine Management Advanced Diagnosis
- Fundamentals of Automatic Transmissions
- Automatic Transmission Electrical Diagnosis
- Automatic Transmission Repair
- Automatic Transmission Service
- Axle Service & Diagnosis
- 4WD/AWD Service & Diagnosis
- Manual Transmission Repair & Diagnosis
- Chassis Systems
- Advanced Chassis Version 1
- Body Systems Diagnosis
- Electric Power Management Systems
- Occupant Restraint & Safety
- Electrical Diagnosis
- Heating Ventilation and A/C Systems Operation & Diagnosis
- Noise Vibration
- Diesel Fuel Systems Version 1
- Diesel Emissions
- Diesel Engine Repair
- Specialty Parts Ordering
- Parts Desk
- Body Shop Dent Repair
- Body Shop Dent Filler
- Body Shop Parts Ordering
- Body Shop Paint Application
- Body Shop Color Matching Technique

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