



RETRAINEE – JOB CREATION

Training Proposal for:

**San Diego Collision Centers, Inc. dba
Fix Auto Miramar**

Small Business ≤ \$50,000

ET15-0382

Approval Date: 2/13/15

ETP Regional Office: San Diego

Analyst: S. Godin

CONTRACTOR

- Type of Industry: Services
- Priority Industry: Yes No
- Number of Full-Time Employees
 - California: 56
 - Worldwide: 56
 - Number to be trained: 25
 - Owner Yes No
- Out-of-State Competition: No OSC
- Special Employment Training (SET): Yes No
- High Unemployment Area (HUA): Yes No
- Turnover Rate: 20%
- Repeat Contractor: Yes No

FUNDING

- Requested Amount: \$22,990
- In-Kind Contribution: \$13,000

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 SET	Business Skills, Commercial Skills, Computer Skills, Cont. Imp., HazMat, PL-Commercial Skills	22	8-60	0	\$880	\$27.40
				Weighted Avg: 40			
2	Retrainee SB<100 Job Creation Initiative SET	Business Skills, Commercial Skills, Computer Skills, Cont. Imp., HazMat, PL-Commercial Skills	3	8-60	0	\$1,210	\$13.28
				Weighted Avg: 55			

- Reimbursement Rate: Job #'s 1 & 2: \$22 SB Non-Priority
- County(ies): Riverside
- Occupations to be Trained: Administrative Support, Estimator, Technician, Owner, Manager,
- Union Representation: Yes
 No
- Health Benefits: Job #'s 1 & 2: \$2.41 per hour

SUBCONTRACTORS

- Development Services: Synergy Management Consultants in Grass Valley assisted with development for a flat fee of \$1,400.
- Administrative Services: Synergy Management Consultants will also provide administration services for a fee not to exceed 13% of payment earned.
- Training Vendors: To Be Determined

OVERVIEW

San Diego Collision Centers, Inc. dba Fix Auto Miramar joined the Fix Auto Group in 2012 as an independently owned franchise (www.fixauto.com/miramar) (FAM). The Company specializes in automotive collision and repair and sales of associated parts and accessories. FAM operates two facilities in San Diego County: one in Miramar and another in El Cajon. Only employees from the Fix Auto Miramar facility will participate in the proposed ETP Agreement.

PROJECT DETAILS

FAM reports that its need for training is being driven by the Company's strategic plan to increase revenues, raise worker efficiency levels, and provide a higher level of customer satisfaction at competitive prices. To meet this goal, the Company must update employee product knowledge and technical skill sets, and implement standard operating procedures and process improvements.

Increased consumer demand for vehicles made from lighter metals and recent technological advances in alternative fuel systems has changed the way auto body repairs are done and how repair costs are estimated. Technicians must be able to work with these metals and understand how body repairs differ based on the metal composition of the vehicle. Key training areas include automobile repair that utilize metals such as Boron and ultra-high strength steels and composites, as well as damage assessment for newer technology vehicles. Technicians will also receive technical training required to meet standards established by the Inter-Industry Conference on Auto Collision Repair (I-CAR), Automotive Service Excellence, and Original Equipment Manufacturers Association (OEMs).

FAM participates in Direct Repair Programs (DRPs) as a preferred provider with Geico, Wawanesa, and most recently, United States Automobile Association (USAA). The Company is also in negotiations to add Farmers, Allstate, and Mercury Insurance as preferred providers. Participating in a DRP provides a streamlined and more efficient process for FAM, the insurance carrier and the customer. Preferred provider status allows FAM to act on behalf of the insurance carrier; eliminates the need for the adjuster to make a trip to the body shop and write an estimate. In addition, the Company does not have to wait for repair approval. DRP participation removes unnecessary steps, reduces cycle time and contains costs.

Each insurance carrier has specific repair guidelines. Estimators and Technicians must have the product knowledge and technical skills to complete estimates and repairs per each carrier's specific criteria to maintain DRP status. The majority of the insurance carriers also require annual technical skills upgrade training and recertification of Technicians, Estimators and Administrative Support Staff. Although the training varies by carrier, most insurers require Technicians and Estimators to complete a minimum 40 hours of industry specific training each year on the most current repair technology.

Training on revisions to the various software programs used by FAM and updates to each DRP insurance carrier's software will enable employees to navigate the various system components used for estimating, job costing, production planning, and customer communication. Estimators and Administrative Support will also receive training on the latest updates to the proprietary software used by each insurance carrier. Training will be delivered by a combination of training vendors and in-house staff.

Retrainee - Job Creation

FAM experienced an 8% increase in revenue for the period of 1/1/14 – 12/31/14 and its employee count increased from 40 to 42. The recent addition of USAA, and current negotiations to add Allstate, Farmers, and Mercury insurance as DRP providers, has the future potential to increase revenues and work orders by at least 18% over the next two years. FAM's location next to the Miramar Naval Air Station also provides a unique opportunity to increase the number of USAA repair customers exponentially.. The role of a DRP makes formal training critical to managing growth and remaining profitable.

To support the above stated expansion of its existing business functions, FAM has committed to hiring 3 employees in Job 2 (1 Technician and 2 Estimators). These new workers will require extensive training to develop the requisite skills needed to facilitate projected growth.

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. Trainees will be hired into "net new jobs" as a condition of contract. Under the Job Creation Initiative, trainees for SET-funded projects are subject to the ETP minimum wage for new-hires, rather than the SET wage. Trainees will be hired into "net new jobs" as a condition of contract.

Training Plan

ETP-funded training will assist FAM in providing formal structured training needed to upgrade the skills of its incumbent and newly hired workers. Training will also promote the professional development of its team members to support sustained, profitable sales growth at its repair facility.

Business Skills - Training will be offered to all occupations and will focus on customer relationship building, negotiation skills, and presentation and communication skills. This training will also provide workers with industry-specific claims processing techniques and customer service engagement skills.

Commercial Skills – Training will be offered to Technicians, Estimators, and select Managers. Training will include automotive service and repair skills, new vehicle technologies, aluminum and hybrid repair, alternative fuel vehicle maintenance, and extended I-CAR credentials for collision centers. This training will also teach Estimators and selected Administrative Support Staff how to accurately estimate damage and create repair plans.

Computer Skills – Training will be offered to all occupations in the Company's software systems used to track costs and production flow, schedule service, and connect with customers and insurance carriers. Estimators will receive extensive training on estimating software.

Continuous Improvement – Training will be offered to all occupations. Continuous Improvement topics are designed to promote teamwork throughout the organization, streamline processes, and improve quality, cycle time and cost efficiency.

Hazardous Materials – This training will be offered to Technicians and select frontline Managers on the safe handling and disposal of hazardous materials.

Productive Laboratory

Under the Panel's Productive Lab (PL) guidelines, trainees may produce goods or perform services for profit as part of the training in the courses identified under the Curriculum. The training will be provided by in-house subject matter experts exclusively dedicated to instruction for the entire reported training time.

Many employees enter the automotive collision repair industry lacking requisite "hands-on" technical skills to perform tasks at an optimal proficiency level. Due to the nature of vehicle collision repair, it is essential that certain elements of the proposed training take place in a PL setting to ensure that workers reach required skill levels. PL Tasks, competencies and the estimated minutes/hours needed to achieve proficiency for each process/piece of equipment in the PL curriculum have been developed and are included as part of the proposed training plan.

PL training will compliment class/lab training modules listed in the curriculum. PL training will involve the use of resistance spot welders, metal inert gas welders, frame rack and measuring system, paint spray guns, paint spray booths, and various hand tools.

Trainees will receive instruction in collision repair and painting methods, welding of structural parts, measuring frames and uni-body structures, aluminum repair methods, identification of mechanical components, uni-body alignment processes, and advanced vehicle diagnosis and repair. Trainers will certify trainees once competencies are achieved. At the conclusion of PL, trainees will be skilled in the various vehicle repair technologies and able to meet minimum productivity standards.

Approximately 17 Technicians and Estimators will receive up to 20 hours of PL Commercial Skills. Most of the PL training will have a trainer-to trainee ratio of 1:1; however, some repair processes may be performed in teams at a ratio of 1:3. For instance: for the PL Body Filler Methods process, a team of three will be stationed around a full-size vehicle. Each trainee will repair a medium-sized dent on one of the vehicle's steel panels. The trainer is able to give instruction, observe, correct, and provide real time feedback while the team of three trainees simultaneously repair the vehicle.

Special Employment Training

Under Special Employment Training (SET), companies are not required to demonstrate out-of-state competition. To qualify under SET, trainees must be earning at least the statewide average hourly wage at the end of the retention.

Frontline Worker

FAM requests to train three Frontline Managers who work in conjunction with Estimators and Technicians. The Company represents that although these managers are exempt from payment of overtime compensation under state and federal law, they directly produce and deliver goods or services more than 50% of the time.

FAM states that its three frontline managers meet the Frontline Worker definition as outlined under (Title 22 CCR, Section 4400ee (3)).

Wages: Use of Commissions and Bonuses to Meet ETP Wages for Job 1 Trainees

FAM has a formal Commission Plan. Commissions are calculated and paid twice monthly. FAM requests to use commissions to meet the post retention wage of \$27.09 for Job 1 estimators and technicians.

Per Title 22, CCR, Section 4418(b): *“The Panel may use commission earnings to determine a trainee’s hourly wage, if there is a reliable history of commission payment by the employer and if actual payment can be verified. As used herein, “commission” means a percentage or proportion of the sale price, for services rendered in the sale of goods or services, paid to employees whose principal job duty is sales.”*

FAM requests to use commissions to meet the Post-Retention wage of \$27.40 for the occupational titles of Technician and Estimator in Job Number 1. Commissions for these occupations are based on a percentage of services rendered and sold and company profits.

Technicians- FAM reports that its Technicians receive a variable commission based on a percentage of FAM's labor rate, number and type of cars receiving services, and the level of expertise of the Technician. The base hourly rate for Technicians ranges from \$16.00 - \$24.00 per hour. Monthly commissions for the Technicians in Job 1 for the last 12 consecutive months (1/1/14 – 12/31/14) were at least \$10.77 per hour. As such, all technicians will earn \$27.40 per hour with the use of commissions and (if needed) employer-paid health benefits of \$2.41 per hour.

Estimators – These trainees earn a variable commission based on the amount of work (repairs) sold. Estimators are paid a base hourly wage of \$16.00 plus commissions. FAM reports that commissions were at least \$21.90 per hour for the last 12 consecutive months (1/1/14 – 12/31/14) for this group.

Contract Term Limitation

Although a small business, this project includes a Job Creation hiring component. FAM states that the 3 job creation trainees will be hired over a two year period. These employees will be hired as the expansion of existing business functions occurs. A 24-month Agreement term will provide the time needed to hire, train, and retain newly hired technicians and estimators as its DRP program grows.

RECOMMENDATION

Staff recommends approval of this proposal.

Exhibit B: Menu Curriculum**Class/Lab Hours**

8-60

Trainees may receive any of the following:

BUSINESS SKILLS

- Customer Care Skills
 - Customer Retention
 - Customer Engagement
 - Customer Relationship Building
- Advanced Sales & Marketing Skills
 - Suspecting, Prospecting & Closing
 - Sales Account Management
 - Advanced Closing Techniques
 - Sales Procedures & Strategies
- Negotiation Skills
- Conflict Resolution
- Communication Skills
- Presentation Skills

COMMERCIAL SKILLS

- I-CAR Collision Repair Certification Skills
- Refinishing Skills
 - Trim & Hardware
 - Surface Preparation
 - Vehicle Priming/Sealing
 - Paint Spray Guns Maintenance & Set-up
 - Corrosion Protection Process
 - Sand, Buff & Detail
 - Color Theory & Tints
 - Blending Techniques
 - New Technologies
- Structural Repair
 - Unibody Alignment
 - Three dimensional measuring
 - Repair & replacement of Outer Body Panels
 - High Strength Steels
 - Aluminum Repair Processes
 - MIG Welding Skills
 - Straightening Structural Damage
 - Glass Replacement
 - Pillars, rocker Panels, Rails, Front Structures & Floor Pan Replacement
 - Heating Cooling and AC Systems
 - Steering & Suspension Systems
 - Advanced & Hybrid Vehicle Systems
 - Composite materials & Bonding Techniques

- Non-Structural Vehicle Repair Skills
 - Remove & Install Trim & Hardware
 - Adhesive Bonding
 - Diagnose Wind Noise & Water Leaks
 - Aluminum Cosmetic Damage
 - Spot Welding
 - Composite Repair
- Estimating Skills
 - Steering & Suspension System Damage Analysis
 - Damage on non-drivable vehicles
 - Flood & Fire Damage Analysis
 - Damage on non-drivable vehicles
 - Electrical/Mechanical Systems
 - Stationary glass
 - Advanced Materials
 - Advanced Vehicle Systems
 - Hail, theft & vandalism damage
- Vehicle Operation, Maintenance, & Troubleshooting
- Alternative Fuel & Hybrid Vehicle Repair Diagnostics
- Service Procedures & Scheduling
- Product Knowledge
- OEM Knowledge/Skills

COMPUTER SKILLS

- Summit Software
 - Job Costing
 - Production Flow
 - Production Planning - ETA Times & Dates
 - Internal & External Customer Communication
- Michell & Michell Repair Center Software
- Nugen IT
- Audatex Software
- CCC Info Systems Software
- Alldata Software
- Microsoft Office Suite

CONTINUOUS IMPROVEMENT SKILLS

- Teambuilding
- Root Cause Analysis
- Kaizen Event Strategy & Implementation
- Lean Concepts
- Standard Operating Procedures
- Leadership Skills for Frontline Workers
- Process/Quality Improvement
- Problem Solving/Decision Making Skills
- Inventory Control

HAZARDOUS MATERIALS HANDLING

- Completing Material Safety Data Sheets (MSDS)
- Volatile Organic Compound (VOC) Tracking
- Emergency Clean-up
- Registration, Evaluation, Authorization & Restriction of Chemical Substances

Productive Lab Hours

0-20

COMMERCIAL SKILLS (Ratio 1:3)

- Body filler methods
- Structural resistance spot welding
- MIG Brazing techniques
- Color Tinting
- Spraying/ Blending techniques
- Measuring vehicle structures
- Alignment process for unitized Vehicles
- Estimating repair & collision repairs
- Estimating System Software Skills
- Estimating DRP Process

Safety Training will be limited to 10% of total training hours per-trainee. This cap does not apply to OSHA 10/30 or HAZMAT or HAZWOPER. Insert approved type of safety training, as appropriate.

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