

DELEGATION ORDER



**Retrainee – Job Creation
Training Proposal for:
Saputo Cheese USA Inc.
Agreement Number: ET15-0349**

Approval Date: December 4, 2014

ETP Regional Office: Sacramento

Analyst: M. Mazzone

PROJECT PROFILE

Contract Attributes:	Priority Rate Retrainee Job Creation Initiative HUA	Industry Sector(s):	Manufacturing Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Tulare, Stanislaus	Repeat Contractor:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Union(s):	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No General Teamsters Local 386		
Number of Employees in:	CA: 1,100	U.S.:3,300	Worldwide: 12,700
<u>Turnover Rate:</u>	6%		
<u>Managers/Supervisors:</u> (% of total trainees)	0%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	Total ETP Funding
\$99,632		\$0	\$0		\$99,632

In-Kind Contribution:	100% of Total ETP Funding Required	\$320,255
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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	Commerical Skills, Continuous Impr, Mfg Skills	146	8-200	0	\$504	\$15.00
				Weighted Avg: 28			
2	Retrainee Priority Rate	Commerical Skills, Continuous Impr, Mfg Skills	14	8-200	0	\$432	\$18.75
				Weighted Avg: 24			
3	Retrainee Priority Rate Job Creation Initiative	Commerical Skills, Continuous Impr, Mfg Skills	25	8-200	0	\$800	\$15.00
				Weighted Avg: 40			

Minimum Wage by County: Job Numbers 1 and 2: \$14.90 per hour for Stanislaus and Tulare counties; **Job Number 3:** \$12.19 per hour for Stanislaus and Tulare 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

Wage Range by Occupation

Occupation Titles	Wage Range	Estimated # of Trainees
Cheese/Whey Production Staff		74
Cheese/Whey Production Staff (Job Creation)		25
Quality Control Staff		14
Laboratory Staff		6
Process Safety Management Staff		4
Maintenance Staff		30
Packing/ Shipping Staff		32

INTRODUCTION

Saputo Cheese USA, Inc. (Saputo) was founded in 1957 as a cheese production plant in Montreal, Canada. The Company steadily grew in response to the popularity of pizza in North America and eventually became the largest producer of cheese and whey products in Canada. Headquartered in Lincolnshire, IL, Saputo has a worldwide presence with facilities in the United States, Canada, Argentina, Germany and the United Kingdom. The Company's customers include Round Table Pizza, Papa Murphy's Pizza, Wal-Mart, Sam's Club, Costco, and an array of grocery chains. Saputo has seven production facilities located in California; only two (Newman and Tulare) facilities will participate under this proposal.

PROJECT DETAILS

Saputo's training goal is to improve competitiveness in the cheese and whey industry by developing production capabilities. In Saputo's prior contract, its Tulare plant started an aggressive training plan to upgrade front-line worker knowledge and skills to increase productivity and efficiency. After the completion of training, the Tulare plant assessed its progress and decided that a Phase II training plan will help it accomplish new production and quality goals. Extensive training will be provided in quality procedures to provide the most comprehensive data collection and quality control testing in the cheese industry.

The Newman plant was not included in the prior contract. Training at this plant will be the same type of training provided in Phase I training at Tulare plant. Training will focus on the quality and production process to improve efficiencies. Both facilities will also include training for maintenance employees. Maintenance staff will attain the skills necessary to independently repair and maintain production equipment, significantly reducing or eliminating outsourcing.

Retrainee - Job Creation

Saputo has committed to hiring 25 new employees at the Tulare plant (Job Number 3). The Company is in a growth mode with increased sales at the Tulare plant in excess of 5%. In addition, over \$225,000 has been invested in new equipment for the Tulare plant in the packaging and whey departments in order to increase capacities. The Tulare plant has purchased new production equipment including a Shaker Conveyor System (to be installed Dec. 2014) and a Mettler Toledo Safeline Metal Detection System (installed Nov. 2014). In other areas, training is being used to optimize equipment performance and capacities as well. For the Newman Plant, cheese volume production will be increased to over 9 million pounds per year more than previous years.

The Panel offers incentives to companies that commit to hiring new employees. Training will be reimbursed at a higher rate and trainees will be subject to a lower post-retention wage. The Company 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.

Training Plan

Commercial Skills (20%): Training will be offered to Maintenance Staff and will focus on the maintenance, repair, and troubleshooting of components and production equipment. The training will allow Saputo to reduce the amount of outsourcing to outside vendors for machine maintenance and repair. All training will be under the course topic Production Equipment Maintenance and Repair.

Continuous Improvement (40%): Training will be offered to all occupations and will allow staff to further improve the production process by reducing wastes and increasing efficiencies. Also, Saputo plans on providing the most comprehensive data collection and quality control testing in the cheese industry. The training courses will include Food Manufacturing Quality Control (Sampling/Testing/Monitoring), Team Building, Process Improvement Training and Advanced Forklift Driving.

Manufacturing Skills (40%): Training will be offered to all occupations. Saputo has purchased new production and packaging equipment, which will require job specific staff to receive training. Job creation staff will be educated on the overall cheese and whey production process. In

addition, production, packing/shipping, quality control and PSM staff will receive training to emphasize sanitation, temperature controls, microbiological standards, metal detection, and safe handling to insure that the highest quality product is produced. Training courses will include Food Product Safety, Cheese/Whey Production Process, Advanced Packaging for Cheese Production, and Production Equipment Safe Operation and Maintenance.

Commitment to Training

Saputo currently has an annual training budget of \$30,000, which is allocated to each plant and includes training such as state mandated safety training, new employee orientation and sexual harassment prevention training. Saputo 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.

High Unemployment Area

The 14 trainees in Job Number 2 work in a High Unemployment Area (HUA), exceeding the state average by at least 25%. The Company's location in Stanislaus County qualifies for HUA status under these standards. Saputo is not asking for a wage modification.

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

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

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned \$ %
ET12-0371	Tulare	05/01/12- 04/30/14	\$151,200	\$151,200 (100%)

DEVELOPMENT SERVICES

Saputo retained Strategic Business Solutions, LLC in Visalia to assist with development of this proposal for a flat fee of \$5,750.

ADMINISTRATIVE SERVICES

Saputo also retained Strategic Business Solutions, LLC to 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:

COMMERCIAL SKILLS

- ❖ Production Equipment Maintenance and Repair
- ❖ Ammonia Refrigeration Systems maintenance
- ❖ PLC/VFD (Gauges and Measurement Equipment)
- ❖ Industrial Equipment Electrical/Electronics
- ❖ Rotary Valve, Pump, and Burner maintenance and repair

CONTINUOUS IMPROVEMENT

- ❖ Food Manufacturing Quality Control (Sampling/Testing/Monitoring)
- ❖ Advanced Forklift Training
- ❖ Team Building
- ❖ Process Improvement Training

MANUFACTURING SKILLS

- ❖ Food Product Safe Handling, Packaging, and Storage
- ❖ Cheese/Whey Production Processes
- ❖ Cheese Production Advanced Packaging Solutions
- ❖ Production Equipment Safe Operation
 - Shaker (Vibratory) Conveyor System
 - Mettler Toledo Safeline Metal Detection System

Safety Training cannot exceed 10% of total training hours per-trainee

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



GENERAL TEAMSTERS LOCAL UNION NO. 386

*The Counties of Stanislaus, Merced, Mariposa, and Yosemite National Park, California
Affiliated With The International Brotherhood of Teamsters*

Principal Officer

Jeff Berdion
Secretary-Treasurer

Executive Board

Dave Parks
President

John Costa
Vice President

Mark Stout
Recording Secretary

Trustee's

Carlos Ortega
Bill Stewart
Hector Zamora

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June 5, 2014

Executive Director
Employment Training Panel
1100 J Street, 4th Floor
Sacramento, CA 95814

RE: ETP Training Program

International Brotherhood of Teamsters, Local 386, represents the bargaining unit comprised of approximately 105 employees at the Saputo Cheese USA, Inc. plant located in Newman, California.

IBT Local 386 is an ardent supporter of employee training and recognizes the importance and crucial role the ETP Training Program plays in the development of our members.

We strongly recommend and support Saputo Cheese USA, Inc. in their efforts to secure funding for training. The training program will provide our members with knowledge and skills needed to meet operational demands, which in turn will increase promotional opportunities and provide a more secure work environment for the future.

Should you have any questions, please don't hesitate to contact me at (209) 526-2755 ext.18.

Sincerely,

Rene Leyva
Business Representative
Teamsters Local 386

RL/cmb