



**Retrainee – Job Creation
Training Proposal for:
Simpson Strong-Tie Company Inc.
Agreement Number: ET15-0330**

Approved Date: November 5, 2014

ETP Regional Office: Sacramento

Analyst: M. Mazzone

PROJECT PROFILE

Contract Attributes:	Retrainee Priority Rate Job Creation Initiative HUA	Industry Sector(s):	Manufacturing Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	San Joaquin	Repeat Contractor:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Union(s):	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Communication Workers of America Local Union 9415; The International Association of Sheet Metal, Air, Rail and Transportation Workers, SMW Local Union No. 104		
Number of Employees in:	CA: 450	U.S.: 1,500	Worldwide: 2,000
<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
\$26,160		\$0	\$0		\$26,160

In-Kind Contribution:	100% of Total ETP Funding Required	\$27,000
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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	Continuous Improvement; Manufacturing Skills	40	8-200	0	\$504	\$15.00
				Weighted Avg: 28			
2	Retrainee Priority Rate Job Creation Initiative	Continuous Improvement; Manufacturing Skills	5	8-200	0	\$1,200	\$14.90
				Weighted Avg: 60			

Minimum Wage by County: Job Number 1: \$14.90 for San Joaquin County

Job Number 2 (Job Creation/HUA): \$11.17 for San Joaquin 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

Although employer provides health benefits, they are not being used to meet Post-Retention Wage.

Wage Range by Occupation

Occupation Titles	Wage Range	Estimated # of Trainees
Operators		10
Skilled Trades		10
Engineers		5
Production Staff		5
Customer Service Staff		5
Managers/Supervisors		5
JOB CREATION		
Production Staff		5

INTRODUCTION

This is a repeat single-employer contractor (SEC). However, because the Application for Funding had been submitted by September 19, the date on which the Panel established a preference for first time single employers, this proposal was allowed to move forward.

Founded in 1956 and headquartered in Pleasanton, Simpson Strong-Tie Company Inc. (SST) (www.strongtie.com) is a subsidiary of Simpson Manufacturing Company, Inc. SST is a large supplier of structural building products, and serves customers in commercial and residential construction, furniture, and do-it-yourself markets, such as Home Depot and Lowe's. SSI has three facilities in California: Pleasanton, Stockton and Riverside. This proposal will only include employees from the Stockton facility.

To remain competitive and maintain customer satisfaction, the Stockton facility began producing a new product line that requires upgrades in processes and systems. SST will also implement a performance-based training program and Lean manufacturing processes to improve new equipment operations and maintenance, reduce inventory levels, improve on-time delivery and increase customer satisfaction.

This is the third ETP project for the Company. The first Agreement planned to implement Microsoft Dynamics AX and die set-up processes. The second Agreement focused on leadership training. This training will focus on implementing new equipment processes, a new production line, and Lean manufacturing. Some of the topics in the second agreement were not delivered and thus included in this proposal.

SST is also submitting a separate funding proposal for its Riverside facility (ET15-0326) in the amount of \$25,200. The combined requested funding of the first two Agreements equals \$51,360. This does not exceed the amount the Company earned on the last project (\$51,923). In total, both proposals are under the SEC cap of \$425,000.

In addition, the third party consultant will work with SST to ensure rosters are completed per ETP guidelines, coordinate monitoring schedules, and advise SST on invoicing requirements.

Two collective bargaining units support this training proposal: Communication Workers of America Local Union 9415 and International Association of Sheet Metal, Air, Rail and Transportation Workers, SMW Local Union No. 104. Each will provide letters of support or training will not be reimbursed.

Retrainee - Job Creation

The Stockton facility recently began producing the Shear Brace-Strong Wall®, an alternative to the wider, braced walls required by the International Residential Code and International Building Code model building codes. To manufacture this new product, SST invested 2.5 million in the purchase and installation of four new presses and a shear brace production line. New employees are needed to run the new shear brace production line and operate the new presses.

SST has committed to hiring five new employees (Job Number 2). Trainees must be hired within the three-month period prior to Panel approval or during the term of contract.

The Panel is offering incentives to companies that commit to hiring new employees. Under the Retrainee-Job Creation program, training for newly-hired employees will be reimbursed at a higher rate and trainees will be subject to a lower post-retention wage.

PROJECT DETAILS

Training Plan

Training is expected to begin November 17, 2014 and will use the classroom/laboratory delivery method for the following:

Manufacturing Skills (50%) - Training will be offered to Production Staff, Operators, Engineers and Managers, and include total productive manufacturing, autonomous maintenance, lean six sigma, technician/maintenance processes, and pneumatic equipment operation. Training will improve equipment operation and maintenance, implement lean manufacturing processes, and increase efficiency on the new production line.

Continuous Improvement (50%) - Training will be offered to all occupations and include just-in-time processes; problem solving; business performance; systems; applications and products; and performance management. Training will focus on improving customer service, developing employee capacity and increasing profitability.

Commitment to Training

The current training budget for SST is approximately \$75,000 per California facility. In the past SST provided safety, regulatory, policies, and legal training using class/lab, on-the-job, and computer-based delivery methods.

SST represents that ETP funds will not displace the existing financial commitment to training. Safety training is provided in accordance with all pertinent requirements under state and federal law.

➤ Training Infrastructure

This project will be managed by a senior management team. A dedicated employee will be assigned to collect rosters/sign-in sheets from each department on a scheduled basis. Monthly goals/charts will be reviewed by management/supervisor in monthly meetings to monitor progress. A third party consultant group will input hours into the online system, provide bi-monthly reports and comparisons to the goals/charts created by the SST team.

Training will be provided by 35 subject matter experts and coordinated by the senior management team.

High Unemployment Area

All trainees work in a High Unemployment Area with unemployment exceeding the state average by at least 15%. However, SST is not asking for a wage modification.

Impact/Outcome

The following are the intended outcomes:

- Improve performance, accountability and return on investment;
- Improve customer service;
- Increase efficiency and effectiveness of production processes.

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

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

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned	
				\$	%
ET12-0150	Pleasanton, Stockton, Riverside	9/16/11 – 9/15/13	\$80,910	\$51,923	(65%)
ET09-0106	Pleasanton, Stockton, Brea*, Visalia*, Ontario*	8/31/08 – 8/30/10	\$403,560	\$59,893	(15%)

*In 2011, the manufacturing facilities located in Brea, Visalia and Ontario consolidated and relocated to either the Stockton or Riverside facility to reduce costs and improve efficiencies. Training for the Stockton facility has been right-sized to earning under ET12-0150.

Due to prior performance, the requested funding amount under this proposal has been right-sized to \$26,160 based on the earnings attributable to the Stockton facility in the prior agreement (ET12-0150).

ET12-0150 - Three facilities participated in training (Pleasanton, Stockton and Riverside) which created logistical challenges to deliver training at multiple locations with only two certified facilitators. The leadership curriculum, which comprised the majority of the recorded hours in the contract, was all instructor-led training, and the number of internal trainers in the organization was limited.

This proposal will only include the Stockton facility. Representatives at the facility are confident in delivering and implementing training. Subject matter experts at the Stockton facility (35) will deliver the training.

ET09-0106 - The Company reported that it suffered a 23% decrease in net sales during the economic recession in the construction industry. They downsized and this affected its stability to retain the number of employees that were targeted in the training plan.

DEVELOPMENT SERVICES

TGII in Suwanee, Georgia assisted with development of this proposal at no cost. TGII provides services to SST nationally.

ADMINISTRATIVE SERVICES

TGII 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

- Quality Concepts
- Process Improvement
- Just-in-Time Processes
- Teambuilding
- Problem Solving
- Quality Good Manufacturing Practices
- Focus Improvement
- Material Improvement
- Preventative Maintenance
- Organizational Capability Continuous Improvement
- Business Performance/Skills Enhancement
- Communication Skills
- Project Management
- Environmental Sustainability
- Systems, Applications and Products
- Best Practices
- Performance Management

MANUFACTURING SKILLS

- Total Productive Manufacturing
- Production Equipment Operation and Maintenance
- Autonomous Maintenance
- Operator Process/Equipment
- Lean Six Sigma
- Technician Processes
- Maintenance Processes
- Electrical & Electronic Equipment Operation, Maintenance and Repair
- Pneumatic Equipment Operation
- Electrical Systems Technology
- Warehouse Automation, Equipment and Processes
- New Presses training
- Shear Brace Production Line Training
- Automated Equipment Training

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



**Communications
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ET15-0330

September 18, 2014

Employment Training Panel
1100 J Street
Sacramento, CA 95814

Dear Panel Members:

We understand Simpson Strong-Tie is requesting an Employment Training Panel contract with your office. This letter confirms the Communications Workers of America (CWA) Local Union 9415 supports Simpson Strong-Tie in regards to their application for funding from the Employment Training Panel. We also support Simpson Strong-Tie's efforts to increase the capabilities of their employees and our members.

Sincerely,

Sally Venable
President
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