



RETRAINEE - JOB CREATION

Training Proposal for:

Skyline Homes, Inc.

Agreement Number: ET16-0473

Panel Meeting of: May 26, 2016

ETP Regional Office: Sacramento

Analyst: M. Mazzone

PROJECT PROFILE

Contract Attributes:	Retrainee Job Creation Initiative Priority Rate HUA	Industry Sector(s):	Manufacturing Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Riverside, Yolo	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: 284	U.S.: 1,285	Worldwide: 1,285
<u>Turnover Rate:</u>	7%		
<u>Managers/Supervisors:</u> (% of total trainees)	8%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	Total ETP Funding
\$579,200		\$0	\$0		\$579,200

In-Kind Contribution:	100% of Total ETP Funding Required	\$580,000
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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	Business Skills, Computer Skills, Cont. Imp., HazMat, Mgmt. Skills, Mfg. Skills, OSHA 10/30, PL-Mfg. Skills	149	8-200	0	\$1,800	*\$15.60
				Weighted Avg: 100			
2	Retrainee Job Creation Priority Rate	Business Skills, Computer Skills, Cont. Imp., HazMat, Mgmt. Skills, Mfg. Skills, OSHA 10/30, PL-Mfg. Skills	15	8-200	0	\$2,000	*\$12.77
				Weighted Avg: 100			
3	Retrainee Priority Rate HUA	Business Skills, Computer Skills, Cont. Imp., HazMat, Mgmt. Skills, Mfg. Skills, OSHA 10/30, PL-Mfg. Skills	115	8-200	0	\$1,800	*\$11.70
				Weighted Avg: 100			
4	Retrainee Job Creation Priority Rate HUA	Business Skills, Computer Skills, Cont. Imp., HazMat, Mgmt. Skills, Mfg. Skills, OSHA 10/30, PL-Mfg. Skills	15	8-200	0	\$2,000	*\$10.00
				Weighted Avg: 100			
5	Retrainee Priority Rate Veteran	Business Skills, Computer Skills, Cont. Imp., HazMat, Mgmt. Skills, Mfg. Skills, OSHA 10/30, PL-Mfg. Skills	10	8-200	0	\$2,200	*\$15.60
				Weighted Avg: 100			
6	Retrainee Priority Rate Veteran HUA	Business Skills, Computer Skills, Cont. Imp., HazMat, Mgmt. Skills, Mfg. Skills, OSHA 10/30, PL-Mfg. Skills	10	8-200	0	\$2,200	*\$11.70
				Weighted Avg: 100			

*It will be made a condition of contract that these trainees 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: \$15.60 per hour for Yolo County;

Job Number 2 (Job Creation): \$12.77 per hour for Yolo County;

Job Number 3 (HUA): \$11.70 per hour for Riverside County;

Job Number 4 (Job Creation/HUA): \$10.00 per hour for Riverside County;

Job Number 5 (Veteran): \$15.60 per hour for Yolo County

Job Number 6 (Veteran/HUA): \$11.70 per hour for Riverside 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 \$2.10 per hour may be used to meet the Post-Retention Wage for Job Numbers 1 and 5.

Wage Range by Occupation

Occupation Titles	Wage Range	Estimated # of Trainees
Job Number 1: Woodland		
Team Member (Production Staff)		118
Material Support		8
Service Technician		3
Maintenance		1
Administrative Staff		7
Production Supervisor		3
Sales Representative		1
Manager		8
Job Number 2: Woodland-Job Creation		
Team Members (Production Staff)		11
Material Support		1
Administrative Staff		2
Production Supervisor		1
Job Number 3: San Jacinto-HUA		
Team Member (Production Staff)		75
Material Support		8
Service Technician		5
Maintenance		2
Administrative Staff		8
Production Supervisor		4
Sales Representative		3
Manager		10

Job Number 4: San Jacinto-Job Creation/HUA		
Team Member (Production Staff)		11
Material Support		1
Administrative Staff		1
Production Supervisor		1
Sales Representative		1
Job Number 5: Woodland-Veteran		
Team Member (Production Staff)		3
Material Support		1
Service Technician		1
Maintenance		1
Administrative Staff		1
Production Supervisor		1
Sales Representative		1
Manager		1
Job Number 6: San Jacinto-Veteran/HUA		
Team Member (Production Staff)		3
Material Support		1
Service Technician		1
Maintenance		1
Administrative Staff		1
Production Supervisor		1
Sales Representative		1
Manager		1

INTRODUCTION

Founded in 1960, Skyline Homes, Inc. (Skyline), a subsidiary of Skyline Corporation, designs and builds manufactured housing, modular housing and park model homes. Skyline's manufactured homes are built to federal building standards and come in single or multiple section models. The homes are sold to independent dealers for sale to customers throughout the United States and Canada.

There are 11 Skyline operating divisions that manufacture homes throughout the United States and Canada. Within California there are two operating divisions, both participating in this proposal. The Southern California facility is located in San Jacinto and services Southern California, Southern Nevada, Southern Utah and Arizona. The Northern California facility is located in Woodland and services Northern California, Nevada and Utah.

Green/Clean Technology

Skyline is doing its part as a manufacturer to lower its carbon footprint by building energy-efficient homes. The majority of the homes built by Skyline qualify as Energy Star Rated. Since 2009, Skyline has received the Energy Star Leadership in Housing Award presented by the Environmental Protection Agency.

ENERGY STAR certified homes offer home buyers energy-saving features like effective insulation systems, high performance windows, tight construction and ducts, properly-sized and installed efficient heating and cooling equipment, efficient products, and third-party verification of energy performance.

Need for Training

In July of 2015, Skyline instituted a new training vision throughout the organization to improve operating efficiencies. With increased efficiencies, Skyline will be able to be more competitive and improve market share.

To meet higher production efficiencies, Skyline will promote training in process improvements, Lean manufacturing and quality principles. All staff members will participate in Continuous Improvement training to promote increase production efficiencies. Production Staff will also receive Manufacturing Skills and cross-training to improve their overall knowledge of the business and promote employee development and growth.

Production Staff located in the San Jacinto facility will receive training on new equipment and production processes. The San Jacinto facility is adding new equipment including a mill saw, PET saw, welding tools, cranes, paint sprayers and pneumatic jigs. Welding and painting will be a new skill set for this facility and staff requires extensive training because Skyline previously outsourced these tasks.

Administrative Staff, Managers and Sales Representatives will receive Continuous Improvement training as well as Computer and Business Skills training. Improving efficiencies, customer service soft skills and sales skills are major components of training for front office staff. Also, many of the current managers at both facilities have been promoted from within and have had no formal manager training. Managers will receive specialized training to enhance their team building, leadership and motivation skills.

Retrainee - 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 will be subject to a lower post-retention wage.

Skyline has committed to hiring 30 new employees (Job Numbers 2 and 4). Skyline 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.

Skyline's growth estimates are based on current production forecasts. The increase in market share for both California facilities are expected to grow at the same rate and the Company is conservatively estimating the need for 15 net new hires at each facility. The San Jacinto facility will be undergoing expansion and 3 new workstations will be constructed to house the welding, saws, and painting equipment. The costs of new equipment and work station construction will

likely exceed \$75,000 as the new saws cost approximately \$40,000. The Woodland facility requires staff be hired to meet increased production needs.

Veterans Program

The Panel has established a higher reimbursement rate and other incentives for training California veterans. Skyline employs a number of Veterans (Job Numbers 5 and 6) at both California facilities. In addition, the Company has committed to establishing a robust Veteran outreach program to secure future employees. At this time, Skyline's corporate headquarters is establishing a working relationship with the VA to conduct outreach programs in the areas where their production facilities are located.

PROJECT DETAILS

Training Plan

Production Staff trainees will receive a combination of class/lab and productive lab training. Non-production trainees will be trained only in a classroom/laboratory setting. Skyline will utilize in-house trainers for most of the training; however, outside training vendors may deliver some training.

Business Skills (5%): Training will be provided to Service Technicians, Administrative Staff, Production Supervisors, Sales Representatives and Managers. Training will focus on the improvement of customer service, communication and sales skills. Training topics include presentation skills, negotiation skills, customer service, phone etiquette and project management skills.

Computer Skills (5%): Training will be delivered to Administrative Staff, Production Supervisors, Sales Representatives and Managers. The goal of training is to improve user efficiencies with job specific software. Staff will receive training in the following software programs: Intermediate and Advanced Microsoft Office, Enterprise Resource Planning, Manufacturing Resource Planning, Auto CAD 2007, SysPro, and UltiPro.

Continuous Improvement (35%): Job specific training will be delivered to all occupations. Training will focus on the improvement of production efficiencies, waste reduction and quality improvement. Staff will receive training in Lean manufacturing, 5S, root cause analysis, risk reduction and quality assurance procedures.

Hazardous Materials (5%): Training will be delivered to Material Support, Service Technicians, Maintenance and Team Members. Staff members require training in the handling, compliance and documentation of materials that emit volatile organic compounds. Hazardous material training courses will include courses such as hazardous materials water and air management, hazardous materials handling, spill and leak control, and hazardous materials responder.

Management Skills (5%): Training will be provided to Production Supervisors and Managers. Training will focus on improving motivation and leadership skills. Skyline has promoted from within and many of the individuals who now supervise staff were never formally training in the skills of effective management. Training topics include leadership effectiveness, team building, supervisory skills, critical thinking and decision making and leading successful meetings.

Manufacturing Skills (25%): Training will be delivered to Team Members, Material Support and Maintenance. Staff will receive training in all areas of the manufacturing process to ensure consistency and a high quality of work. Many staff members will receive cross-training to diversify the workplace and to make many workers interchangeable. Training topics will include

courses such as welding, cabinet program, blue print reading, Freon handling, linoleum installation, forklift operation and carpentry.

Certified Safety Training (5%)

OSHA 10/30: This training is a series of courses “bundled” by industry sector and occupation. It consists of 10 hours of classroom or CBT training that will be delivered to Team Members, Material Support and Maintenance and 30 hours for Production Supervisors and Managers. The coursework is geared to construction work, and also manufacturing. Completion of the training results in a certificate that expands employment opportunities. The coursework must be approved by Cal-OSHA, and the instructors must be certified by Cal-OSHA.

Productive Laboratory (15%)

The Panel authorizes reimbursement for training delivered in a Productive Laboratory (PL) setting. PL trainees may produce goods for profit as part of the training in the courses identified under the Curriculum. The instructor must be dedicated to training delivery during all hours of training.

PL training in Manufacturing Skills is a necessary component of Skyline’s training plans as staff receive hands-on instruction on all steps of the manufacturing process. The PL training will supplement Class/Lab training to strengthen employees’ understanding of how to perform production manufacturing and equipment operation tasks. Skyline will deliver PL training to Team Members, Material Support, Service Technicians, Maintenance and Production Supervisors. The PL training will slow production by at least 25% and wastes are expected to be higher as well.

Select staff will receive up to 60 hours of PL training. PL trainers will observe, coach, and mentor as the trainee completes the specific production task. After a specified number of successful completions of the task, the trainer will determine that training has been completed and that the trainee is competent in the task. Skyline is requesting a trainer-to-trainee ratio of 1:2 as many of the production tasks require staff to work in pairs.

Temporary to Permanent Hiring

A portion of the trainees in Job Numbers 2 and 4 (an estimated 10 trainees total) come under Panel guidelines for “temporary to permanent” employment. Skyline plans to retain these employees through a temporary agency, with the intention of hiring them into full-time, permanent positions after training.

These trainees must be determined eligible to participate in ETP-funded training before the start of training, while on payroll with the temporary agency. (Unemployment Insurance Code Section 10201(c).) However, the retention and post-retention wage requirements cannot be satisfied until after they have been hired by Skyline on a full-time permanent basis. Until then, Skyline will not receive progress payments for these trainees.

While most of the new employees will be direct hires, a portion of new staff will be hired on in a temporary-to-permanent status. Skyline has a national agreement with Manpower to provide candidates. Skyline’s policy is to convert the temporary-to-permanent staff to full-time permanent after 65 days worked (13 weeks).

Impact/Outcome

Training will allow Skyline to meet current and future production requirements. With the expansion of the San Jacinto facility, Skyline will be able to employ a greater number of workers and keep more work in-house. Ultimately, training will increase production efficiencies across the organization and ensure Skyline remains competitive.

High Unemployment Area

The trainees in Job Numbers 3, 4 and 6 work in a High Unemployment Area (HUA), with unemployment exceeding the state average by at least 25%. The Company's location in San Jacinto (Riverside County) qualifies for HUA status under these standards. For these trainees, the Panel may modify the ETP Minimum Wage by up to 25% if post-retention wages exceed the start-of-training wages. Skyline is requesting a wage modification for Job Numbers 3, 4 and 6.

Commitment to Training

Skyline provides sexual harassment prevention and safety trainings such as OSHA on an annual basis. In addition, staff receives other elective trainings such as first aid, CPR, blood-borne pathogens and new hires receive orientation training.

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

ETP funding will enable Skyline to provide formalized training of a progressive nature. The Company is dedicating itself to preserving and developing the staff that is currently employed. The organized training effort will have visible and reportable benefits. After the completion of the ETP Agreement, Skyline is committed to expanding the training plan to include more advanced skills training.

The Company has implemented a company-wide training initiative, Operation Skytech. Operation Skytech is focused on improving the working habits of all staff by promoting lean manufacturing and Continuous Improvement throughout all facets of the operations.

➤ Training Infrastructure

The Woodland and San Jacinto Division Managers have both completed an internal review and assessment of their facilities. ETP-funded training is fully supported by Skyline's corporate office and will be led by the Woodland Division Manager. Training will be coordinated effectively with the San Jacinto Division Manager. The Division Managers have routinely worked together to formalize a training plan and an administrative process. Their training program development includes: the identification of production goals and the areas requiring improvement; the establishment of trainers, and the acquisition of training resources; communication with managers and supervisors regarding the proposed training plan; and the creation of a training schedule for each facility.

Training is scheduled to begin on May 27, 2016. As training progresses, classes will be scheduled by each facility's Human Resource Department. ETP related administrative duties will be handled by the HR department staff with the assistance of a third party representative, Integrated Solutions.

RECOMMENDATION

Staff recommends approval of this proposal.

DEVELOPMENT SERVICES

Integrated Solutions in Redwood City assisted with development for a flat fee of \$10,000.

ADMINISTRATIVE SERVICES

Integrated Solutions 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

- ❖ Communication Skills
- ❖ Customer Service:
 - Phone Etiquette
- ❖ Project Management Skills:
 - Critical Path
 - Corporate Report Writing
- ❖ Sales and Marketing:
 - Sales Training
 - New Product Training
 - Order Form Training
 - Option Book
 - Sales and Order Process
 - Model Specifications
 - Sales Representative Plant Tours
 - Presentation Skills
 - Negotiation Skills
 - Product Knowledge
- ❖ Supply Chain Management:
 - Materials/Purchasing Processes
 - Cycle Counting
 - Just-in-Time

COMPUTER SKILLS

- ❖ Intermediate and Advanced Microsoft Office
- ❖ Enterprise Resource Planning Software
- ❖ Manufacturing Resource Planning Software
- ❖ Auto CAD 2007
- ❖ SysPro Software
- ❖ UltiPro Software

CONTINUOUS IMPROVEMENT

- ❖ Lean Manufacturing
- ❖ 5S
- ❖ Root Cause Analysis and Corrective Action
- ❖ Train-the-Trainer
- ❖ Quality Assurance:
 - Inspection
 - Quality Assurance Manual/Procedures
 - Receiving Inspection
 - Design Approval Primary Inspection Agreement
 - Product Auditing
- ❖ Product Specifications:
 - Blue Print Reading
 - Housing & Urban Development Code Book
 - Modular Construction & Code Requirements
 - Park Model Code

- ❖ Risk Reduction:
 - Manufacturing Floor Safety
 - Hoist Inspection

HAZARDOUS MATERIALS

- ❖ Hazardous Waste Compliance:
 - Water Management
 - Air Management
- ❖ Hazardous Material Handling
- ❖ Hazardous Materials Processing
- ❖ Hazardous Materials Manifest
- ❖ Spill & Leak Control
- ❖ Dust Explosion
- ❖ Hazardous Materials Responder:
 - Blood Born Pathogens

MANAGEMENT SKILLS (Managers/Supervisors Only)

- ❖ Leadership Effectiveness
- ❖ Leading Successful Meetings
- ❖ Team Building
- ❖ Supervisory Skills
- ❖ Critical Thinking & Decision Making

MANUFACTURING SKILLS

- ❖ Manufacturing Processes:
 - Cabinet Program
 - Home Set-Up
 - Welding
 - Freon Handling
 - Blue Print Reading
 - Radio Operation
 - Hand Tool & Machinery Training
 - Tape Measure Skills
 - Maintenance
 - Linoleum Installation
 - Carpet Installation
 - Fork Lift Operation
 - Defensive Driving
 - Carpentry
- ❖ Cross-Training

OSHA 10/30 (Certified OSHA Instructor)

- ❖ OSHA 10 (requires 10 hours completion)
- ❖ OSHA 30 (requires 30 hours completion)

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

Productive Lab Hours

0-60

MANUFACTURING SKILLS (Ratio 1:2)

- ❖ Hand Tools
- ❖ Power Saws
- ❖ Pneumatic Tools & Dollies

- ❖ Fork Lift & Heavy Equipment Operation
- ❖ Ladders & Lifts
- ❖ Code Specific Requirements
- ❖ Cabinet Milling, Construction & Installation
- ❖ Countertop Installation
- ❖ Sink and Faucet Installation
- ❖ Chassis Build
- ❖ Plumbing Assembly
- ❖ Line & Register Assembly
- ❖ Heat Duct Installation
- ❖ Floor Insulation
- ❖ Water and Gas Lines
- ❖ Linoleum Installation
- ❖ Decking Installation
- ❖ Decking Inspection
- ❖ Furnace Installation
- ❖ Lagger
- ❖ Floor Building
- ❖ Wall Setting & Building
- ❖ Drywall Installation
- ❖ Roof Insulation and Vapor Barriers
- ❖ Roof Building, Installation & Decking
- ❖ Roof Setting, Securement, and Vent Pipe Installation
- ❖ Build On & Gusset Truss
- ❖ Electrical Installation
- ❖ Hardie Exterior Panel Installation
- ❖ Window Installation
- ❖ Shingling
- ❖ Interior and Exterior Door Installation
- ❖ Painting
- ❖ Facia Installation
- ❖ Tile – Grout Installation
- ❖ Laminate Flooring
- ❖ Rodent Proofing
- ❖ Range Vent Installation
- ❖ Interior Décor
- ❖ Interior Trim
- ❖ Granite Shower Wall Installation
- ❖ Shower Enclosure Installation
- ❖ Appliance Installation
- ❖ Carpet Installation
- ❖ Sealant Application
- ❖ Fireplace Installation
- ❖ Closet and Home Shelving Installation

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery. PL is capped at 60 hours per-trainee.