

DELEGATION ORDER



RETRAINEE - JOB CREATION

Training Proposal for:

Summit Machine, LLC

Agreement Number: ET16-0259

Approval Date: November 16, 2015

ETP Regional Office: North Hollywood

Analyst: J. Romero

PROJECT PROFILE

Contract Attributes:	Retrainee Priority Rate Job Creation Initiative	Industry Sector(s):	Manufacturing Aerospace and Defense Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	San Bernardino	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: 121	U.S.: 5,000	Worldwide: 30,016
<u>Turnover Rate:</u>	5%		
<u>Managers/Supervisors:</u> (% of total trainees)	9%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	Total ETP Funding
\$99,882		\$0	\$0		\$99,882

In-Kind Contribution:	100% of Total ETP Funding Required	\$101,000
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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. Improv., Mfg. Skills, PL- Mfg. Skills	101	8-200	0	\$882	\$15.07
				Weighted Avg: 49			
2	Job Creation Initiative Priority Rate	Business Skills, Computer Skills, Cont. Improv., Mfg. Skills, PL- Mfg. Skills	10	8-200	0	\$1,080	\$12.33
				Weighted Avg: 54			

Minimum Wage by County: Job Number 1: \$15.07 per hour Standard Hourly Wage for San Bernardino County; Job Number 2 (Job Creation): \$12.33 per hour for San Bernardino 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 \$2.97 per hour may be used to meet the Post-Retention Wage for Job Numbers 1 & 2.

Wage Range by Occupation

Occupation Titles	Wage Range	Estimated # of Trainees
JOB NUMBER 1		
Administrative Staff		5
Machinist		46
Production Worker		30
Sales Staff		10
Technical Support Staff		5
Manager/Supervisor		5
TOTAL:		101
JOB NUMBER 2		
Administrative Staff		1
Machinist		7
Production Worker		2
TOTAL:		10

INTRODUCTION

Founded in 2003 and headquartered in Ontario, California, Summit Machine, LLC (www.summitmachining.com), (Summit) is a wholly owned subsidiary of Precision Castparts Corp. The Company specializes in the manufacture of complex components for aerospace, commercial defense, power generation, and space and petroleum industries. Summit has developed an expertise in machining nickel-based as well as stainless steel and aluminum. Summit's customers include Eaton, Pratt & Whitney, Lockheed Martin, GKN Aerospace, Barnes Aerospace, GE, Honeywell, Rolls-Royce, Bombardier, and Boeing.

Driven by the rapid expansion of the businesses it serves, Summit's business growth in the last two years, has generated the need for a structured, company-wide training program at their Ontario location. The new training will upgrade employee skills in production and business operation. This will be Summit's first ETP Agreement.

Summit is eligible for standard retraining as a manufacturer facing Out-of-State Competition provisions for industrially-classified manufacturers retaining current employees.

PROJECT DETAILS

Retrainee - Job Creation

In support of 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.

Summit has committed to hiring 10 new employees (Job Number 2). The date-of-hire for all trainees will be within the three-month period before contract approval or within the term-of-contract. These trainees will be hired into "net new jobs" as a condition of contract.

Summit's plan to hire approximately 10 "net new jobs" under this Agreement is in anticipation of an increase in product demand and services, which has grown steadily since 2013. In support of this demand, Summit has acquired new equipment such as a CNC Lathe and a Milling machine and has added a new shift in the production process.

Temporary to Permanent Hiring

The trainees in Job Number 2 come under Panel guidelines for "temporary to permanent" employment. Summit has retained 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. However, the retention and post-retention wage requirements cannot be satisfied until after they have been hired by Summit. Until then, Summit will not receive progress payments.

Training Plan

Summit is requesting ETP funding to provide classroom/laboratory and Productive Lab training hours in the following areas:

Business Skills (10%): This training will be offered to all occupations. Trainees will learn better ways to communicate internally and externally. This training will develop skill and confidence in the workforce to take personal responsibility for their work with a clearer understanding of their product and their work process. This will result in reduced production errors and more efficient communication with customers and the manufacturing organization.

Computer Skills (10%): This training will be offered to Administrative Staff and Machinists. Trainees will learn to use MS Office more effectively which will result in more efficient communication internally and with customers. Communication with customers will improve, resulting in reduced errors and waste. Machinists will learn new computer skills to program CNC equipment which will give them the capability to program machines and operate equipment confidently and safely.

Manufacturing Skills (60%): This training will be offered to Machinists, Production Workers, and Technical Staff. Trainees will be cross-trained on all production equipment. This will give the Company additional resources enabling it to adapt to changing production runs. New operating procedures and manufacturing processes will allow for a more varied workforce to meet customer demand, which will increase the Company's capability to meet customer needs and increase sales.

Continuous Improvement (10%): This training will be offered to all occupations. Summit will create teams to identify ways to reduce waste while improving manufacturing productivity and business operations efficiency. As training progresses throughout the Company, it is expected that Lean Manufacturing and its related techniques will lead to further ways to work more efficiently and reduce operating costs.

PL – Manufacturing Skills (10%): This training will be offered to Machinists, Production Workers, and Technical Support Staff. Trainees will learn operate CNC Lathe Equipment, CNC Milling Equipment, and Manufacturing Equipment. This will give the Company additional manufacturing resources to meet expanding business demand.

Productive Laboratory

The Panel reimburses 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 will be dedicated to training delivery during all hours of training.

Productive Lab will be provided to 30 Production Workers, Machinists and Technical Support Staff. Each trainee will receive 30 hours of PL training. PL training will be provided in the production area at a 1:1 trainer-to-trainee ratio on existing and newly purchased equipment. Trainees who become proficient on one type of equipment will be cross-trained on other equipment.

Commitment to Training

Summit spends approximately \$30,000 annually in providing job-specific training to its workforce. The training include new-hire orientation, OSHA mandated training, sexual harassment prevention and first-aid training.

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.

➤ Training Infrastructure

Summit has qualified, in-house trainers to provide training and is ready to start training upon approval of this proposal. The Company has dedicated a number of staff to scheduling and tracking the training, and to act as the point of contact with ETP. In addition, Summit has engaged the services of a third party administrator for the administration of the ETP project.

RECOMMENDATION

Staff recommends approval of this proposal.

DEVELOPMENT SERVICES

Summit retained National Training Company, Inc. in Irvine to assist with development of this proposal for a flat fee of \$5,000.

ADMINISTRATIVE SERVICES

Summit also retained National Training Company to perform administrative services in connection with this proposal for a fee, not to exceed 13% of payment earned.

TRAINING VENDORS

N/A

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

8-200 Trainees may receive any of the following:

CONTINUOUS IMPROVEMENT

- Best Work Practices
- Lean Manufacturing
- Peer Coaching
- Reducing Waste
- Resolving Production Problems
- Team Building

COMPUTER SKILLS

- Internal Customer Applications
- Mitutoyo M Cosmos Software
- MS Office (Intermediate and Advanced)
- Outlook (Intermediate and Advanced)
- PCdmis CAD++
- Procam Software
- Programming Equipment
- SolidWorks Software
- TransMagic Software
- VeriCut Software

MANUFACTURING SKILLS

- Blueprint Reading
- CNC Lathe Equipment
- CNC Milling Equipment
- CNC Programming
- Equipment Maintenance and Repair Skills
- Forklift Certification
- Manual Sequencing
- Manufacturing Computations
- Manufacturing Equipment
- Manufacturing Processes
- Operating Manufacturing Equipment
- Product Specifications
- Program Display and Editing
- Reading Technical Documents
- Safety Procedures
- Standard Operating Procedures
- Setup Sequencing
- Tool Positioning
- Turret Installation

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

BUSINESS SKILLS

- Business Processes
- Communication Skills
- Improving Communication with Customers
- Leadership Skills
- Negotiating Skills
- Product Knowledge
- Putting the Customer First
- Resolving Customer Complaints
- Sales Skills
- Time Management Skills

Productive Lab Hours

0-30

MANUFACTURING SKILLS (1:1 Ratio)

- CNC Lathe Equipment
- CNC Milling Equipment
- Manufacturing Equipment

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery. PL is capped at 30 hours per-trainee.