



## RETRAINEE - JOB CREATION

### Training Proposal for:

## Sutter Home Winery, Inc. dba Trinchero Family Estates

**Agreement Number: ET15-0369**

**Panel Meeting of:** January 22, 2015

**ETP Regional Office:** Sacramento

**Analyst:** M. Mazzone

### PROJECT PROFILE

<b>Contract Attributes:</b>	Critical Proposal Priority Rate Retrainee Job Creation Initiative HUA	<b>Industry Sector(s):</b>	Manufacturing Agriculture  Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Counties Served:</b>	Amador, Napa, San Joaquin	<b>Repeat Contractor:</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Union(s):</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
<b>Number of Employees in:</b>	CA: 911	U.S.: 1,032	Worldwide: 1,032
<b>Turnover Rate:</b>	10%		
<b>Managers/Supervisors:</b> (% of total trainees)	10%		

### FUNDING DETAIL

<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">Program Costs</td></tr> <tr><td style="text-align: center;">\$749,700</td></tr> </table>	Program Costs	\$749,700	-	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">(Substantial Contribution)</td></tr> <tr><td style="text-align: center;">\$0</td></tr> </table>	(Substantial Contribution)	\$0	=	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">(High Earner Reduction)</td></tr> <tr><td style="text-align: center;">\$0</td></tr> </table>	(High Earner Reduction)	\$0	=	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;"><b>Total ETP Funding</b></td></tr> <tr><td style="text-align: center;">\$749,700</td></tr> </table>	<b>Total ETP Funding</b>	\$749,700
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<b>In-Kind Contribution:</b>	100% of Total ETP Funding Required	\$749,700
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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 Critical Proposal Priority Rate	Business Skills, Computer Skills, Cont. Improv., HazMat., Literacy Skills, Mgmt. Skills, Mfg. Skills, PL-Mfg. Skills, OSHA 10, OSHA30	230	8-200	0-40	\$1,440	\$16.88
				Weighted Avg: 80			
2	Retrainee Critical Proposal Job Creation Initiative Priority Rate	Business Skills, Computer Skills, Cont. Improv., HazMat., Literacy Skills, Mgmt. Skills, Mfg. Skills, PL-Mfg. Skills, OSHA 10, OSHA30	100	8-200	0-45	\$1,800	\$16.88
				Weighted Avg: 90			
3	Retrainee Critical Proposal Priority Rate	Business Skills, Computer Skills, Cont. Improv., HazMat., Literacy Skills, Mgmt. Skills, Mfg. Skills, PL-Mfg. Skills, OSHA 10, OSHA30	530	8-200	0-12	\$450	\$15.07
				Weighted Avg: 25			

**Minimum Wage by County:** Job Number 1, \$15.07 per hour for San Joaquin County; Job Number 2, \$12.33 per hour for San Joaquin County; and Job Number 3, \$15.07 per hour for Amador and Napa 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

\$0.27 per hour may be used to meet the Post-Retention Wage for Job Number 3.

**Wage Range by Occupation**

Occupation Titles	Wage Range	Estimated # of Trainees
Administrative Staff		56
Manager/Supervisor		83
Analyst		78
Maintenance Staff		55

Processing Clerk		27
Marketing Representative		10
Quality Control Specialist		17
Scientist		25
Winery Engineer		13
Lab Technician		18
Production Staff		245
Warehouse Staff		48
Health and Safety Specialist		3
Grower Relations Representative		2
Packaging Specialist		8
Traffic Coordinator		9
Cellar Staff		155
Mechanic		8

## Critical Proposal

This proposal for Sutter Home Winery, Inc. dba Trinchero Family Estates (Trinchero) is designated a "Critical Proposal", as defined in Title 22, California Code of Regulations (CCR) 4402.2, by the Governor's Office of Business and Economic Development (Go-BIZ). Trinchero is expanding within California through the addition of new jobs as a result of the construction of a new facility in Lodi. This project will assist Trinchero to develop new job skills for incumbent workers and newly-hired workers.

## INTRODUCTION

Trinchero (<http://tfewines.com/>) proposes to serve as the lead in a single employer critical proposal contract with its affiliate Sierra Sunrise Vineyards dba Torro D'Oro as follows:

The Sutter Home Winery (<http://www.sutterhome.com/>) originally opened in 1874 in St. Helena and remained in operation until prohibition forced the closing of its doors. In 1948 Sutter Home reopened when the business was purchased by the Trinchero family, who were Italian immigrants from New York City. Sutter Home became a household name when it brought a new type of wine, White Zinfandel, to the market in 1972. Currently, Sutter Home is the second largest family-run winery in the United States.

Trinchero produces 35 different brands of wines which are sold worldwide. Customers include retail grocery chains, club stores, restaurants and establishments where liquor is sold. On a yearly basis Sutter Home produces approximately 20 million cases of wine in their production facilities located in California.

Trinchero is eligible for standard retraining under the out-of-state competition provisions for industrially classified manufacturers retraining current employees. (Title 22, California Code of Regulations (CCR), Section 4416(i).)

## **Need for Training**

A new 650,000 square foot facility is under construction in Lodi. The Lodi facility will be comprised of 2 components – a new bottling facility and an automated warehouse. The Lodi facility will become Trinchero's largest production facility with a fully automated warehousing pallet storage and retrieval system, and 22 loading docks which will become the new shipping point for Trinchero brands.

New production equipment will be installed in the Lodi facility as well as a new automated warehouse system. All staff will require training on the new equipment. Trinchero plans the new bottling lines in Lodi will be operational in April 2015 and the warehouse in August 2015.

In addition, the Lodi plant will begin using a new KHS Pressure-Filler machine. Currently, Trinchero outsources their entire carbonation business do to a lack of equipment. With the new machinery in place, Trinchero will be able to keep high carbonated wines in-house, resulting in reduced costs and increased efficiencies. The KHS Pressure-Filler machine will allow Trinchero to produce high carbonated wine products such as Moscato at the Lodi plant.

Training will also take place in Trinchero locations in Napa, St. Helena, Plymouth and American Canyon. The American Canyon location is being retrofitted to run a flexible bottling line and barrel storage for Trinchero wines and non-Trinchero wines.

Staff from Trinchero locations in Napa County have been offered the opportunity to transfer to Lodi. It is estimated that 330 employees will be required to run the Lodi facility at full capacity and that 230 staff members will transfer to Lodi from other Trinchero locations.

## **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.

Trinchero Family Estates has proposed to hiring 100 new employees (Job Number 2). Trainees must be hired within the three-month period prior to Panel approval or during the term of contract.

All newly-hired staff will be for Trinchero's new production and warehousing facility in Lodi. Hiring will begin in March 2015 to support the plan of the bottling line starting production in April 2015. In August 2015 the warehouse will become operational. At full capacity, the Lodi facility will house 330 workers and an estimated 100 of these workers will be considered net new hires. The remaining staff will transfer from other facilities located in Napa County.

## **Commitment to Training**

Trinchero has an annual training budget of \$600,000 for the Lodi facility, \$160,000 for the Green Island facility, \$250,000 for the St. Helena facility and \$90,000 for the Gateway facility. These training budgets include state mandated safety training, new employee orientation, and sexual harassment prevention 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.

## High Unemployment Area

The 230 trainees in Job Number 1 and the 100 trainees in Job Number 2 work in a High Unemployment Area (HUA), a region with unemployment exceeding the state average by at least 25%. The Company's location in San Joaquin County qualifies for HUA status under these standards. However, Trincherro is not requesting a post-retention wage modification for Job Number 1 or Job Number 2.

## Other Resources

Trincherro is currently utilizing multiple incentives for their new plant which is under construction in Lodi including: New Employee Credit, California Competes and the Economic Development Association (EDA) for San Joaquin County. The EDA is providing a tax credit in the amount of \$340,708.80 to Trincherro for business development in San Joaquin County. Funding provided by the EDA of San Joaquin County will not be used in conjunction with ETP training funds to offset the cost of training.

## PROJECT DETAILS

### Training Plan

Trincherro will provide between 8–200 hours of Class/lab training and between 0–60 hours each of Productive Lab and Computer-based training (CBT).

**Business Skills (20%):** Training will be offered to Production Staff, Administrative Staff, Managers, Supervisors, Marketing Representatives, Processing Clerks, Lab Technicians, Grower Relations Representatives and Scientists. The focus of training will be on the improvement of internal processes to promote administrative efficiency and to provide staff with the knowledge and skills to run the business effectively. Training course topics will include classes such as Supply Chain Management, Customer Service, Business Writing, Wine Education, Assertiveness Training, and Communicating, Influencing and Negotiation Skills.

**Computer Skills (10%):** Training will be offered to all occupations. Staff will receive training on computer software that is essential to their job functions. The Lodi Warehouse Staff will be operating a completely new automated warehousing storage system, which will store pallets, retrieve pallets and send the pallets to shipping. All Warehouse Staff will require training on the new system. Non-warehouse staff will receive job related software training to improve efficiencies and reduce errors. Training topics will include Intermediate/Advanced Microsoft Office, PASware training, HMI Interface, SharePoint Document Storage and MS Project Training.

**Continuous Improvement (16%):** Training will be offered to all occupations to ensure that Trincherro remains competitive in their industry. Lean Manufacturing will be the focus of the training and will include Root Cause Analysis, Lean Manufacturing Methodology, Kaizen Training, Understanding Waste, Value Stream Mapping, 5S, Kanban Control and Six Sigma.

**Management Skills (15%):** Training will be offered to Managers and Supervisors. This training will focus on enhancing the skills of Managers and Supervisors to create a productive work atmosphere to motivate staff, positively lead staff, and coach staff. Training will include Leadership, Coaching, Establishing Performance Objectives, Employee Engagement and Developing High Performance Teams.

**Manufacturing Skills (15%):** Training will be offered to Production Staff, Warehouse Staff and Packaging Staff. Staff will receive training on new equipment that will be used at the new Lodi

facility. Staff at Trinchero's Napa County locations will also receive manufacturing training as new equipment will be used in these facilities as well. Training will include Line Testing Training, Machine Maintenance, Machine Safety, Production Equipment Training, Fork Lift Driving, Problem Solving and Refrigeration Training.

**Literacy Skills (5%):** Training will be offered to occupations Production Staff, Warehouse Staff, Packaging Staff, Maintenance, Mechanic, Vineyard Staff and Traffic Coordinator. Literacy training will focus on staff members whose native language is not English. This will allow all staff to communicate effectively with one another. The training course topic is Vocational English as a Second Language. Literacy Skills training will be directly related to job tasks and will be conducted by a certified instructor.

**Hazardous Materials (5.5%):** Training will be offered only to staff members that come into contact with hazardous materials, specifically Maintenance, Mechanics and Production Staff. The training will focus on the safe handling of hazardous materials and will include course topics Haz Mat ISO Requirements and Emergency Response Team Training.

**OSHA 10/30** - OSHA 10/30 training is a series of courses "bundled" by industry sector and occupation. It consists of 10 hours of training for Production Staff, Warehouse Staff, Packaging Staff and Maintenance and 30 hours for Managers and Supervisors.

### **Productive Laboratory (PL) (13.5%)**

Trainees may produce goods for profit as part of the PL training, in the courses identified under the Curriculum and with no more than 2 trainees per instructor. The instructor must be dedicated to training delivery during all hours of training.

PL training will be offered to Production Staff, Warehouse Staff, Maintenance Staff and job specific Managers and Supervisors. PL training will supplement Class/Lab training to strengthen employees' understanding of how to perform equipment/operations related tasks. At an approximate cost of 81 million dollars, Trinchero has purchased a new automated warehouse system and new bottling line equipment for the Lodi Facility. Job Creation and Retrainee staff at the Lodi facility will receive the same number of Productive Lab training hours as the equipment is brand new to their company. At the Green Island facility, Production Staff will be cross-trained on all equipment used in the bottling line production process. In addition, Trinchero may be required to backfill positions vacated by the employees who transferred to Lodi.

Incumbent staff in Job Number 1 (Lodi) and Job Creation staff Job Number 2 (Lodi) will receive between 0–60 hours of PL training. Incumbent staff in Job Number 3 (Green Island) will receive between 0–20 hours of PL training.

Productive Lab trainers will be subject matter experts and will provide demonstration of the process prior to observing the trainee perform the task. The trainer will observe the trainee for a substantial number of unaided units processed to ensure that no defects or errors are made. Coaching, quizzing and mentoring will be provided by the trainer until the trainee has been determined to be competent in the process. Once a trainee is determined competent in a process, the trainer will sign off on the completion of their PL training.

During PL training, production is expected to be slowed as the trainee will be working with new equipment and required to meet established quality standards. The trainer-to-trainee ratio for PL training will not exceed 1:2.

**Computer Based Training** (CBT) training is capped at 50% of total training hours per trainee. CBT will be provided to supplement Trinchero's curriculum, and is a more convenient means of delivering basic training.

**Electronic Record Keeping**

Trinchero will use an electronic record-keeping system to document ETP training which has been reviewed and approved by ETP.

**RECOMMENDATION**

Staff recommends approval of this proposal.

**DEVELOPMENT SERVICES**

N/A

**ADMINISTRATIVE SERVICES**

N/A

**TRAINING VENDORS**

To Be Determined

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

8-200

Trainees may receive any of the following:

**BUSINESS SKILLS**

- ✦ Accounting Skills
- ✦ Customer Service
- ✦ Supply Chain Management
- ✦ Business Writing
- ✦ Brand & Product Knowledge
- ✦ Project Management
- ✦ Managing Conflict
- ✦ Presentation Skills
- ✦ Train-The-Trainer
- ✦ Business Fundamentals
- ✦ Interpersonal Skills
- ✦ Effective Meetings
- ✦ Managing Change
- ✦ Wine Education
- ✦ SWOT Analysis (Strengths, Weaknesses, Opportunities & Threats)
- ✦ Facilitation Skills
- ✦ Presenting to a Multi-Cultural Audience
- ✦ Assertiveness Training
- ✦ Personal Effectiveness
- ✦ Time Management
- ✦ Team Building
- ✦ Maximizing Performance through Inclusion
- ✦ Communicating, Influencing and Negotiation Skills

**COMPUTER SKILLS**

- ✦ Kronos Software Training
- ✦ Success Factors Training
- ✦ Convergence LMS Training
- ✦ Microsoft Office Intermediate and Advanced
- ✦ SAP Training
- ✦ PASware Training
- ✦ HMI Interface Training
- ✦ SharePoint Document Storage Training
- ✦ MS Project Training

**CONTINUOUS IMPROVEMENT**

- ✦ DMAIC Training
- ✦ Kaizen Training
- ✦ Lean Manufacturing Methodology
- ✦ Understanding Waste

- ✚ Value Add versus Non Value Add activities
- ✚ Value Stream Mapping
- ✚ Standardized Work
- ✚ Lean Sigma Yellow Belt
- ✚ Lean Sigma Green Belt
- ✚ Statistics with Minitab
- ✚ Product Quality
- ✚ Quality and Process Control
- ✚ Key Performance Indicators
- ✚ Six Sigma
- ✚ 5S Methodology
- ✚ Creating Continuous Flow
- ✚ Kanban Control
- ✚ 5 Why and Root Cause Analysis

### **HAZARDOUS MATERIALS**

- ✚ Haz Mat ISO Requirements
- ✚ Emergency Response Team Training

### **MANAGEMENT SKILLS (management trainees only)**

- ✚ Employee Engagement
- ✚ Coaching Skills
- ✚ Establishing Performance Objectives
- ✚ Developmental Planning
- ✚ Dynamic Leadership Skills
- ✚ Developing High Performance Teams
- ✚ Key Management Skills

### **MANUFACTURING SKILLS**

- ✚ GMP Training
- ✚ Machine Sanitation
- ✚ Problem Solving
- ✚ SQF Training
- ✚ Equipment Validation
- ✚ Fork Lift Driver Training
- ✚ Effective Warehouse Management
- ✚ PAS Automated Warehouse Training
- ✚ CTVL Training
- ✚ Refrigeration Training
- ✚ Line Testing Training
- ✚ Viticulture Training
- ✚ Production Equipment Training
- ✚ Machine Maintenance
- ✚ Machine Safety

**OSHA 10/30 (Certified OSHA Instructor)**

- ✚ OSHA 10 (requires completion of 10 hours)
- ✚ OSHA 30 (requires completion of 30 hours)

**LITERACY SKILLS**

- ✚ Vocational English as a Second Language

**PL Hours**

0 – 60

**MANUFACTURING (1:3)**

- ✚ Bottling Line Manufacturing
- ✚ Bottling Line Maintenance

**CBT Hours**

0 – 60

**BUSINESS SKILLS**

- ✚ How to Run Meetings Efficiently (30 mins)
- ✚ Leading a Brainstorming Session (30 mins)
- ✚ Developing Team Performance (30 mins)
- ✚ Successfully Running a Training Course (45 mins)
- ✚ Understanding the Process of Conflict (45 mins)
- ✚ A Basic Grounding in Effective People Management ( 1 hour)
- ✚ Monitoring Delegation (30 mins)
- ✚ High-Impact Communication: Shaping your Message (30 mins)
- ✚ Communicating - Connecting to your People (30 mins)
- ✚ How to be Assertive in Difficult Situations (30 mins)
- ✚ Using Different Management Styles for Successful One-to-One Meetings (30 mins)
- ✚ Day-to-Day Management of a Planned Change (30 mins)
- ✚ Supporting your Team Members through Change (30 mins)
- ✚ SAP Navigation Overview( 1 hour)
- ✚ SAP Qualification ( 1 hour)

**MANUFACTURING SKILLS**

- ✚ Tractor and Gondola Safety (30 mins)
- ✚ Water Distribution Systems Operations (25 mins)
- ✚ Hot Work/Welding Safety (25 mins)
- ✚ Accident Investigation (45 mins)
- ✚ Electrical PPE and Arc Flash Safety (45 mins)
- ✚ Sprayer/Duster Training (40 mins)
- ✚ Shop Safety (30 mins)
- ✚ Risk Management Training ( 1 hour)

- ✚ Process Safety Management (40 mins)
- ✚ Personal Protective Equipment (40 mins)
- ✚ Harvester Safety & Operation (30 mins)
- ✚ Gas Monitor Usage (25 mins)
- ✚ Food - Certified Professional Food Manager (30 mins)
- ✚ Hearing Conservation (30 mins)
- ✚ Warehouse Driving Safety (20 mins)
- ✚ Back Injury Prevention (25 mins)

### **CONTINUOUS IMPROVEMENT**

- ✚ Identifying the Root Cause of Performance issues (30 mins)
- ✚ Lean Manufacturing Introduction ( 1 hour)
- ✚ 5S Introduction (1 hour)
- ✚ Standardized Work Introduction (1 hour)
- ✚ DMAIC Problem Solving Introduction (1 hour)

### **HAZARDOUS MATERIALS**

- ✚ Tailgate - Spill Clean-Up and Reporting (20 mins)
- ✚ Corrosives and Irritants (40 mins)
- ✚ Velcorin Spill Team Training (20 mins)
- ✚ Spill Clean-Up and Reporting (25 mins)
- ✚ Radiation Safety – Awareness (30 mins)
- ✚ Ozone Specific Hazcom (20 mins)
- ✚ Laser Safety Specific Hazcom (30 mins)
- ✚ Hazardous Waste (30 mins)
- ✚ Flammable & Combustible Liquids ( 25 mins)
- ✚ Carbon Dioxide Specific Hazcom (25 mins)

### **OSHA 10/30 (Certified OSHA Instructor)**

- ✚ OSHA 10 (requires completion of 10 hours)
- ✚ OSHA 30 (requires completion of 30 hours)

### **CBT hours are capped at 50% of trainee's total training hours**

Literacy Training cannot exceed 45% of total training hours per-trainee  
Safety Training cannot exceed 10% of total training hours per-trainee (This cap does not apply to Hazmat or OSHA 10/30)

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery. CBT is capped at 50% of total training hours, per trainee excluding OSHA 10 and OSHA 30. PL is capped at 60 hours per-trainee.