



Training Proposal for:
Systems Services of America, Inc.

Agreement Number: ET17-0260

Panel Meeting of: October 28, 2016

ETP Regional Office: North Hollywood

Analyst: L. Vuong

PROJECT PROFILE

Contract Attributes:	Retrainee Priority Rate	Industry Sector(s):	Goods Movement Services Warehousing Wholesale Trade Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	San Bernardino, Santa Clara	Repeat Contractor:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Union(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Number of Employees in:	CA: 238	U.S.: 3,282	Worldwide: 3,282
<u>Turnover Rate:</u>	15%		
<u>Managers/Supervisors:</u> (% of total trainees)	0%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	Total ETP Funding
\$188,568		\$0	\$0		\$188,568

In-Kind Contribution:	100% of Total ETP Funding Required	\$192,943
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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	Commercial Skills, Computer Skills, Continuous Impr., HazMat	194	8-200	0	\$972	*\$15.60
				Weighted Avg: 54			

*It will be made a condition of contract that the trainees in this Job Number will never be paid less than the State or local minimum wage rate as in effect at the end of retention regardless of the wage expressed in this table. The highest minimum wage rate will prevail.

Minimum Wage by County: \$15.60 per hour for San Bernardino County and \$17.02 per hour for Santa Clara 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 \$2.50 per hour may be used to meet the Post-Retention Wage.

Wage Range by Occupation

Occupation Titles	Wage Range	Estimated # of Trainees
Driver		72
Warehouse Staff		112
Customer Service Staff		10

INTRODUCTION

Established in 2007, Systems Services of America, Inc. (SSA) (www.ssafoods.com), is a food distribution company that serves quick service and casual dining restaurant chains. SSA is a subsidiary of the Services Group of America family of companies that specialize in bringing quality products and services to the entire foodservice industry throughout the Western US and internationally. Customers include Applebees, Arbys, Boston Market, Cinnabon, Church's, Chilis, Carvel, Framer Boys, Five Guys, Fuddruckers, IHOP, Jamba Juice, Maggianos, Mountain Mikes, PF Changs, Pei Wei, Qdoba, Red Robin, Raising Canes and Sonic. Headquartered in Scottsdale, Arizona, the Company has two distribution facilities in California, one in Fontana and one in Milpitas. This proposal will train workers from both facilities.

Over the past two years, SSA has experienced a 5% increase in business volume and an increase in its workforce, from 200 employees to 238 employees. The Company needs to support this growth with employee training. In addition, SSA plans to hire 31 new employees over the next two years. These new hires will be included in the retrainee population.

This will be the second Agreement between ETP and SSA. Training under the prior ETP Agreement focused on equipment and technology, distribution processes and efficiencies. Training under this contract will concentrate on individual development to increase employee

retention. At the same time, the Company needs to train incumbent workers to meet customers' demands and business growth.

Relocation/Expansion

During the prior Agreement, SSA moved its Los Alamitos facility to Fontana. Now that the Fontana facility is established, SSA is in the process of reviewing, evaluating and planning another move, its Milpitas facility. The Milpitas facility relocation, anticipated for January 2018, will be to a new and larger facility. The relocation is part of the Company's expansion initiative and supports the hiring of the new employees detailed in this proposal.

PROJECT DETAILS

SSA strives to meet customers' expectations and demands, improve current business functions, provide a safe working environment, decrease accidents, expand services and keep up with technological advances. In addition, SSA's goal is to upgrade the skills of its employees, who are expected to operate commercial vehicle and equipment, safely maintain the system and properly keep equipment operating, and exceed customer expectations. Skilled Drivers and Warehouse Staff are hard to fill positions due to long periods of standing hours in a freezer environment and long hours on the road. As such, the Company has implemented a new training initiative program focused on individual development plan across the organization to build better career path and support retention. Training will enable workers to perform their jobs effectively. ETP-funded training will allow the workforce to develop skills necessary to address these challenges, making the Company more competitive.

Training Plan

SSA has developed a company-wide training program to modernize business practices and procedures. Workers will gain skills sets and experience needed to optimize job performance, promote growth, better serve customers and improve efficiencies throughout the facilities. None of the training curriculum from the prior ETP Agreement will be repeated in this proposal, except for newly hired trainees. Training will be provided by in-house subject matter experts and vendors if needed.

Classroom/Laboratory and Videoconference training will be provided as follows:

Commercial Skills (69%): Training will be offered to all occupations. As the Company continues to grow, SSA implemented structure safety programs, proper food assembly, warehouse procedures, inventory control and vehicle inspection.

Computer Skills (11%): Training will be offered to all occupations in various software applications and enhancements that run the warehouse and corporate operations.

Continuous Improvement (14%): Training will be offered to all occupations to facilitate customer service and meet the Company's growth objectives. Trainees will learn skills to improve individual performance, foster process improvement and enhance quality of all levels.

Hazardous Materials (6%): Training will be offered to all occupations. Trainees will gain knowledge, skills and proper techniques on food handling, chemicals, sanitation and hazardous materials.

Temporary to Permanent Hiring

SSA will train 31 workers under Panel guidelines for the Temporary-to-Permanent program. The Company has retained these employees on a temporary basis, with the intention of hiring them into full-time, permanent positions after ETP-funded training. The average time for converting temporary workers into full-time permanent employment is three months. It is expected that these workers will begin receiving employer-paid share-of-cost for healthcare premiums while on temporary status through hire into full-time, permanent employment.

These trainees must be eligible to participate in ETP-funded training pursuant to Unemployment Insurance Code Section 10201(c). Moreover, they cannot be enrolled as trainees until after they have been hired by SSA into full-time, permanent employment. Until they are so hired, retention and post-retention wage requirements cannot be satisfied, and the Company will not receive progress payments.

Commitment to Training

SSA has an annual training budget of approximately \$195,000 for its California facilities. Training includes safety, on-the-job-training, mandated regulatory training and specific job skills training. All training is mandatory, and most training is delivered via class/lab, video conference and on-the-job training.

ETP funds will support SSA ongoing financial commitment to training. After the completion of the ETP program, SSA will continue to focus on developing and upgrading employee abilities and ensuring that employees have the skills sets needed to be successful and career oriented.

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

SSA has designated two Coordinators at each training facility to oversee ETP training and administrative responsibilities including enrollment, scheduling, delivery and documentation of training, recording, tracking, securing rosters, invoicing and ensure compliance with all ETP requirements.

Impact/Outcome

In addition to the employee skills gained in training, SSA anticipates that approximately 50 Drivers and Warehouse Staff will be trained and certified in driver safety. This will help support organizational safety and enhance employee safety, lower collision and maintenance costs and improve fuel efficiency.

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

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

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned \$ %
ET13-0215	Fontana & Milpitas	12/01/12 – 11/30/14	\$285,440	\$188,938 (66%)

Although SSA only achieved 66% of its expected earning, 115 trainees completed training and retention; 38 trainees were Job Creation.

According to the Contractor, the low performance was attributed to trainees that did not meet the 24 hours minimum requirement, the 90-day retention period and trainers that were unable to designate time for training. However, ETP has reduced minimum requirement to 8 hours, which is a significant benefit to increase performance. Moving its Milpitas facility is in an early stage of planning and training will commence upon Panel approval. The Company has an aggressive training plan with designated trainers and anticipates completing majority of training prior to its scheduled 2018 move, which will enhance the performance of this proposal. To ensure the success of this proposal, SSA has requested a smaller funding amount with a more modest training plan.

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:

COMMERCIAL SKILLS

- Vehicle Pre-Trip Inspection
- Inventory Control
- Food Assembly Procedures
- Redistribution of Product
- Warehouse Procedures
- Smith Driver Training Certification
- Food Security

COMPUTER SKILLS

- Volcollect (voice/data software)
- Scanners (data)
- Enterprise Resource Planning
- Billing and Order Entry Program
- Customer Relationship Management System
- Microsoft Access
- Company Portal
- Knowledge Central

CONTINUOUS IMPROVEMENT

- Quality Control
- Process Improvement

HAZARDOUS MATERIALS (Ratio 1:40)

- Hazmat Sanitation
- Blood-Borne Pathogens
- Material (Chemical) Safety

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