



**Training Proposal for:
The Brownie Baker, Inc.
Agreement Number: ET15-0167**

Panel Meeting of: June 27, 2014

ETP Regional Office: Sacramento

Analyst: M. Mazzone

PROJECT PROFILE

Contract Attributes:	Priority Rate Retrainee SB <100 Job Creation Initiative HUA	Industry Sector(s):	Manufacturing Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Fresno	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: 65	U.S.: 65	Worldwide: 65
<u>Turnover Rate:</u>	10%		
<u>Managers/Supervisors:</u> (% of total trainees)	5%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	Total ETP Funding
\$76,440		\$0	\$0		\$76,440

In-Kind Contribution:	100% of Total ETP Funding Required	\$82,000
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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 SB <100 Priority Rate	Computer Skills, Cont. Imp., Mgmt. Skills, Mfg. Skills, PL - Mfg. Skills	30	8-60 Weighted Avg: 32	0	\$832	\$14.90
2	Retrainee SB <100 Priority Rate HUA	Computer Skills, Cont. Imp., Mfg. Skills, PL - Mfg. Skills	35	8-60 Weighted Avg: 33	0	\$858	\$11.17
3	Job Creation SB <100 Priority Rate HUA Retrainee	Computer Skills, Cont. Imp., Mfg. Skills, PL - Mfg. Skills	11	8-200 Weighted Avg: 75	0	\$1,950	*\$9.14

*It will be made a condition of contract that the trainees in this Job Number will never be paid less than the statewide minimum wage rate as in effect at the end of retention (Final Payment) regardless of the wage expressed in this table.

Minimum Wage by County: Job Number 1: \$14.90 per hour for Fresno County; **Job Number 2:** (HUA) \$11.17 per hour for Fresno County; **Job Number 3:** (Job Creation/HUA) \$9.14 per hour for Fresno 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 \$1.05 per hour may be used to meet the Post-Retention Wage for Job Numbers 1-3.

Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
Job No. 1 & Job No. 2 (HUA)		
Administrative Staff 1		7
Administrative Staff 2 (HUA)		3
Lead Staff		3
Supervisor		3
Production Staff 1		15
Production Staff 2 (HUA)		29
Shipping Staff 1		2
Shipping Staff 2 (HUA)		3
Job No. 3 (Job-Creation/HUA)		
Production Staff 3		11

INTRODUCTION

The Brownie Baker, Inc. (Brownie Baker), established in 1979 and located in Fresno, was formed by two sisters using a favorite family recipe to produce gourmet brownies (<http://www.browniebaker.com>). The business has grown from a home-based business that sold gift baskets into the present company that it is today, which has products that can be found throughout the country. Brownie Baker's products include: brownies, cakes, cookies, Danish, donuts, muffins and Pan Dulce. Product lines also include low fat and medical meal cookies. Their products can be found in grocery stores and convenient stores throughout the country.

Brownie Baker has been in a continuous expansion mode over the last 3 years and increased their market share nationwide. To support the expansion, Brownie Baker has acquired several companies, including Carol's Cookies in Southern California. This is the third proposed agreement between ETP and Brownie Baker.

Need for Training

Brownie Baker experienced 15% growth in 2013. The Company projects an 18% growth over the next 18 months. In the past six months, their products have sold at Lucky Store, Savemart and will soon be sold at Raley's grocery stores. The prior contract, ET13-0293, focused on training Production Staff in newly purchased equipment.

Brownie Baker's current production requirements are exceptionally higher than in previous years due to this growth. Therefore, training will expand on prior course topics and emphasize Lean Manufacturing and maintenance. In addition, staff will receive advanced training on the Company's Great Plains Software, which will address re-engineering and re-mapping of the production process.

In addition, Brownie Baker recently purchased a Combi Packing System. The new packing machinery will reduce the total number of package configurations from over 30 styles to only two basic packaging styles. In the end of June 2014 the Combi Packing System will be delivered and production staff will begin using the equipment in July 2014 after it has been assembled.

Retrainee - Job Creation

In support of job creation, 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.

In this proposal, Brownie Baker has committed to hiring 11 new employees (Job Number 3). To be eligible for reimbursement under this Job Number, the trainees must be hired within the three-month period prior to Panel approval or during the term of contract.

Due to Brownie Baker's increase in sales, new contracts with several grocery chains and further projections of expansion, the Company will create 11 new Production Staff positions. All job creation employees will require extensive training to elevate skills and proficiencies to the required production levels.

Project Details

Brownie Baker will deliver training by in-house trainers and vendors to be identified during the term of the Agreement. Training will be conducted in a classroom/laboratory and productive lab environment.

Management Skills (8%): Training will be offered to Supervisors only to successfully manage and plan for the increase in market share. The increase in demand will influence all processes within Brownie Baker's manufacturing, shipping, purchasing and accounting departments. Management training will focus solely on strategic planning.

Computer Skills (22%): Training will be offered to Lead Staff, Supervisors and Administrative Staff to integrate the new processes for purchasing, scheduling and accounting in the Great Plains Software program.

Continuous Improvement (30%): Training will be offered to all occupations. The increase in products demand will require Lean manufacturing training and strategic planning. Training will increase the capacity for production, improve efficiency and quality.

Manufacturing Skills (30%): Training will be offered to Production Staff and job specific Lead Staff and Supervisors. The new equipment purchases supports the current production and new production processes. Staff will be trained on the operation and maintenance of the equipment as well as safety procedures. The safe, efficient operation and maintenance of this new equipment will support a productive and efficient manufacturing process.

Productive Laboratory – Manufacturing Skills (10%)

The Panel recently adopted regulations to authorize 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.

Brownie Baker's equipment operation and manufacturing processes cannot be simulated in Class/Lab training; therefore, Productive Lab (PL) training in Manufacturing Skills is necessary. The need for PL training is emphasized by Brownie Baker's acquisition of new equipment, the anticipation of newly hired Production Staff and by the procurement of new contracts. The equipment to be used during PL training will include the combi packaging machine and the Revenl 624 Ovens. All training will be under the direct supervision of a qualified instructor, who has been certified by the manufacturer, and training will be directly related to the trainee's job requirements. The production line will operate on a start/stop basis during PL training for instructional purposes and for corrective action. PL training will be provided to all Production Staff.

PL trainees will be trained with a trainer-to-trainee ratio of 1:3 and hours will be capped at 15 hours per trainee.

Commitment to Training

Brownie Baker currently has an annual training budget of \$30,000 and includes state mandated safety training, new employee orientation and sexual harassment prevention training.

The Company represents that 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

All trainees work in a High Unemployment Area (HUA), with unemployment exceeding the state average by at least 25%. The Company's location in Fresno County qualifies for HUA status under these standards. Brownie Baker is requesting a wage modification to \$11.17 per hour to allow training for 35 trainees in Job Number 2 and a wage modification for 11 trainees in Job Number 3 to \$9.14 per hour.

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

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

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned \$ %
ET13-0293	Fresno	02/04/13 – 05/04/14	\$30,628	*\$0 (0%)
ET11-0351	Fresno	06/30/11 – 06/29/12	\$48,100	\$33,351 (69%)

*ET13-0293 is in the final stages of their fiscal close out. The Company has entered 1,387 reimbursable hours in the ETP Online Tracking system, out of a maximum reimbursable 1,178 hours. All trainees are expected to meet both the retention and post-retention wage requirements. Projected earnings are 100%.

ET11-0351 – Brownie Baker's main training focus on production requirements caused a slowdown in their successful market expansion training.

DEVELOPMENT SERVICES

Strategic Business Solutions, LLC in Exeter assisted with development for a flat fee of \$4,250.

ADMINISTRATIVE SERVICES

Strategic Business Solutions, LLC will also perform administrative services for a fee not to exceed 13% of funds earned.

TRAINING VENDORS

To Be Determined

Exhibit B: Menu Curriculum

Class/Lab Hours

8 - 60 Job Numbers 1 & 2

8 - 200 Job Number 3

Trainees may receive any of the following:

MANAGEMENT SKILLS (Supervisors Only)

- Strategic Planning

COMPUTER SKILLS

- Great Plains Software Revision Training

CONTINUOUS IMPROVEMENT

- LEAN Manufacturing Principles
- Strategic Planning

MANUFACTURING SKILLS

- Production Equipment Operation and Maintenance
- Machine Safety

Productive Lab Hours

0 - 15

MANUFACTURING SKILLS

- Production Equipment Operation and Maintenance

Note: Reimbursement for retraining is capped at 60 total hours per-trainee in Job Numbers 1 & 2; and capped at 200 total training hours per-trainee in Job Number 3, regardless of method of delivery.