



**Training Proposal for:
The Wine Group, Inc.**

Agreement Number: ET17-0101

Panel Meeting of: June 24, 2016

ETP Regional Office: Sacramento

Analyst: W. Sabah

PROJECT PROFILE

Contract Attributes:	Retrainee Priority Rate HUA	Industry Sector(s):	Manufacturing Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Alameda, Fresno, Kern, Madera, Monterey, San Joaquin, Tulare	Repeat Contractor:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Union(s):	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No UFCW Local 186D & 8		
Number of Employees in:	CA: 1,074	U.S.: 1,211	Worldwide: 1,246
<u>Turnover Rate:</u>	13%		
<u>Managers/Supervisors:</u> (% of total trainees)	13%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	Total ETP Funding
\$749,988		\$0	\$0		\$749,988

In-Kind Contribution:	100% of Total ETP Funding Required	\$1,500,000
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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	Computer Skills, Cont. Imp., Mfg. Skills	502	8-200	0	\$1,494	*\$15.60
				Weighted Avg: 83			

*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 (Final Payment) regardless of the wage expressed in this table. The highest minimum wage rate will prevail.

Minimum Wage by County: \$15.60 in Fresno, Kern Madera, Monterey, San Joaquin and Tulare counties and \$17.02 in Alameda 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 \$3.60 per hour may be used to meet the Post-Retention Wage.

Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
Administration Staff		33
Handler		60
Logistics Staff		28
Maintenance Staff		59
Operator		165
Technician		50
Winemaker		22
Winery Worker		20
Supervisor		65

INTRODUCTION

Founded in 1981, The Wine Group (TWG) (www.thewinegroup.com) operates 13 wineries throughout the world, producing more than 56 million cases of wine in the U.S. Current brands include Cupcake, Concannon, Benziger, Corbett Canyon, Big House and Franzia. The Company is one of the world’s largest wine producers. TWG currently employs 1,074 Californians throughout the state; however, for this proposal the Company plans to train 502 workers in Alameda, Fresno, Kern, Madera, Monterey, San Joaquin and Tulare counties.

To improve business and remain competitive, TWG must adapt to technology advancements in the wine industry. The Company has invested more than \$18.5 million on new equipment

including Fillers, Coders, Tanks, NH₃, Catwalks, Chillers, Pumps, Canning, Crushers, Labelers, Case Packers, Wrappers and Lasers. Training on all new equipment is necessary to ensure staff can operate the machinery proficiently and maintain efficiency. In addition to the extensive manufacturing skills training, the Company is undergoing a companywide Enterprise Resource Planning (ERP) implementation that requires extensive workforce training. This new technology will impact all facets of the organization, providing end-to-end solutions for business management, product planning, manufacturing, inventory management, shipping and receiving, and quality management.

This will be TWG's third ETP-funded training project in the last five years. Under the previous Agreements, training focused on basic equipment operations and general manufacturing training. The current proposal will emphasize advanced mechanical and electrical training. The training plan may repeat some topics and include some trainees from previous contracts. However, there will be no duplication of training in those courses.

Employees are represented by United Food and Commercial Workers, Local 186D and 8, and have submitted letters of support.

PROJECT DETAILS

Training Plan

Training will enable TWG to upgrade worker skills, introduce new technology and implement process improvements designed to enhance productivity, product quality and overall efficiency. Training will be delivered by a combination of in-house subject matter experts and outside vendors to be identified during the contract term. Trainees will receive between 8-200 hours of Classroom/Laboratory training.

Computer Skills (20%): Training will be delivered to all occupations. Training will guide workers through the Company's new ERP and MRP systems. Training will help staff become more proficient with business software solutions in resource planning, inventory control, budgeting, marketing, manufacturing and service delivery.

Manufacturing Skills (50%): Training will be offered to all occupations except Administrative Staff. Trainees will gain the skills and knowledge to operate and maintain production equipment, ensure product quality, and implement best practices in manufacturing, wine processing, inventory control and warehousing. Training will enable workers to have a full understanding of product equipment, development and packaging, and proper operation and maintenance of equipment to reduce production downtime and automate machine operations.

Continuous Improvement (30%): Training will be offered to all occupations specific to their job functions. Training will improve operations, workflow and processes. Training will improve team building, communication, leadership and quality improvement.

Substantial Contribution/High Earner Reduction

Although TWG is a repeat contractor, no one facility has payment earned in excess of \$250,000. Therefore no substantial contribute will be applied. [Note: In addition, Higher Earner Reduction is not applicable as TWG did not earn more than \$2 million over the last five years.]

High Unemployment Area

Some trainees work in a High Unemployment Area (HUA), with unemployment exceeding the state average by at least 15%. The Company's locations in Fresno, Kern, Madera, Monterey, San Joaquin and Tulare qualify 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. However, TWG is not asking for a wage modification.

Commitment to Training

TWG represents that ETP funds will not displace the existing financial commitment to training. The Company's annual training budget per facility is approximately \$1.5 million for new employee orientation, skills enhancement for professional growth, and continued education courses. Safety training is provided in accordance with all pertinent requirements under state and federal law.

➤ Training Infrastructure

The Company will begin ETP training upon project approval. TWG has designated one employee at each training site to schedule training, track training documentation, record new employees, and meet with ETP staff. The training department at the TWG headquarters has identified four employees to track project performance and coordinate training with the staff at each training site. The Company also retained BLI Company to assist with entering training data into the ETP system.

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

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

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned \$ %
ET14-0290	Madera, Ripon, McFarland, Fresno, Cutler, Sanger	2/3/14 – 2/2/16	\$604,098	\$604,098 (100%)
ET11-0278	Ripon	6/6/11 – 6/5/13	\$213,462	\$213,462 (100%)

DEVELOPMENT SERVICES

BLI Co. in Salida assisted with development for a flat fee of \$8,000.

ADMINISTRATIVE SERVICES

BLI Co. will also perform administrative services for a fee of not to exceed 13% of payment earned.

TRAINING VENDORS

PSIG, Inc. of Oakhurst will provide Manufacturing Skills training. Other trainers will be identified as they are retained.

Exhibit B: Menu Curriculum

Class/Lab Hours

8-200

Trainees may receive any of the following:

COMPUTER SKILLS

- Bulk Wine Tracking
- Microsoft Office (Intermediate/Advanced)
- Enterprise Resource Planning System
- Material Resource Planning System

CONTINUOUS IMPROVEMENT

- Leadership Skills
- Communication Skills
- Team Building
- Employee Performance
- Improving Productivity
- Computer Program

MANUFACTURING SKILLS

- Machine Theory
- Mechanical Operations
- Electrical Operations
- Pneumatics
- Sensors
- Lubrication
- Equipment Maintenance
- Programmable Logic Control
- Welding
- Wine Filtering Systems
- Sanitation Practices
- Press Operation
- Refrigeration Systems
- Mathematics
- Operating Industrial Lifts
- Warehousing Practices

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

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



UFCW-WINE, DISTILLERY & ALLIED WORKERS, LOCAL 186D

329 Downey Ave.
Modesto, CA 95354-1297

Phone (209) 524-4245
Fax (209) 524-7066

January 26, 2016

Employment Training Panel
1100 "J" Street
Sacramento, CA

RE: **Participation in the California Employment Training Panel**

Dear Employment Analyst:

As the representative of the employees of The Wine Group, we support the participation of our members in the training to be provided in the ETP project. As the Local representing the employees of The Wine Group we also support the training as something that we do not offer internally to our members as it is training specific to each plants environment and outside of our memberships qualifications.

Sincerely,

William J Hale
President
United Food and Commercial Workers, Local 186D



United Food & Commercial Workers International Union, AFL-CIO, CLC

Jacques Loveall
President
International Vice President

Roseville
(Headquarters)
2200 Professional Dr.
Roseville, CA 95661
(916) 786-0588
(916) 786-0958 (fax)

January 26, 2016

Bakersfield
900 Airport Dr.
Bakersfield, CA 93308
(661) 391-5770

Employment Training Panel
1100 J Street, 4th Floor
Sacramento, CA 95814

Chico
20 Constitution Dr.
Suite C
Chico, CA 95973
(530) 895-0017

RE: Participation in the California Employment Training Panel

Dear Employment Analyst:

Fresno
3485 W. Shaw Ave.
Suite 101
Fresno, CA 93711
(559) 271-1288

As the representative of the employees of The Wine Group, UFCW 8-Golden State supports the participation of our members in the training to be provided in the ETP project.

Fresno
*Distillery, Wine & Allied,
and Wholesale Division*
3485 W. Shaw Ave.
Suite 102
Fresno, CA 93705
(559) 226-5045

As the Local Union representing the employees of The Wine Group, UFCW 8 also supports the training as something that we do not offer internally to our members as it is training specific to each plant's environment and outside of our membership's qualifications.

Modesto
2007 Yosemite Blvd.
Modesto, CA 95354
(209) 529-0596

Sincerely,

JACQUES LOVEALL

Redding
3400 Bechelli Ln.
Suite C
Redding, CA 96002
(530) 222-3905

JSL:iab

Sacramento
1930 9th Street
Sacramento, CA 95811
(916) 503-8828

cc: Joe Ciotti

Santa Rosa
940 Hopper Ave.
Santa Rosa, CA 95403
(707) 546-1384