

DELEGATION ORDER



Training Proposal for:

ThyssenKrupp Materials, LLC dba ThyssenKrupp Aerospace

Agreement Number: ET17-0230

Approval Date: September 13, 2016

ETP Regional Office: North Hollywood

Analyst: L. Vuong

PROJECT PROFILE

Contract Attributes:	Retrainee Priority Rate	Industry Sector(s):	Manufacturing Services Warehousing Wholesale Trade Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Los Angeles	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: 317	U.S.: 2,500	Worldwide: 2,900
<u>Turnover Rate:</u>	16%		
<u>Managers/Supervisors:</u> (% of total trainees)	15%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	Total ETP Funding
\$82,080		\$0	\$0		\$82,080

In-Kind Contribution:	100% of Total ETP Funding Required	\$101,938
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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, Continuous Impr., Haz. Materials, Mfg. Skills	76	8-200	0	\$1,080	\$16.48
				Weighted Avg: 60			

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: \$16.48 per hour for Los Angeles 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 \$2.98 per hour may be used to meet the Post-Retention Wage.

Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
Coordinator		5
Driver		3
Maintenance Staff		3
Material Control Staff		6
Planning Staff		1
Quality Assurance Staff		4
Production Staff		42
Manager/Supervisor		12

INTRODUCTION

Founded in 2006, ThyssenKrupp Materials, LLC dba ThyssenKrupp Aerospace (ThyssenKrupp Aerospace) (www.thyssenkruppaerospace.com), is wholly-owned by ThyssenKrupp Materials NA, Inc. ThyssenKrupp Aerospace is a wholesale distributor and a manufacturer providing a full line of raw materials including aluminum, stainless steel, titanium, brass, bronze, nickel and copper alloys to the aerospace manufacturing, automotive, medical and healthcare, oil, and gas and energy industries. The Company also offers supply chain management, third party logistics and tooling management services.

Headquartered in Southfield, Michigan, the Company has six facilities in California (two in Santa Fe Springs, Fresno, Hayward, Montebello and Los Angeles). The Company also has locations nationwide with facilities in Canada and Mexico. This proposal will target workers at the Santa Fe Springs facility. This is ThyssenKrupp Aerospace's first ETP Agreement.

PROJECT DETAILS

ThyssenKrupp Aerospace is currently experiencing significant growth in sales and its workforce. Customer demands and expectations are also increasing. Over the past year, ThyssenKrupp Aerospace shipped nearly 28 million pounds of processed plates, with a 26% increase in overall production volume. The Company anticipates a continued increase in business in the coming year. To meet production demands and remain competitive, ThyssenKrupp Aerospace recently added a new shift, which includes 17 new employees and a new training coordinator to support the Company's business growth. In addition, the Company recently invested approximately \$1.3 million dollars in new equipment, including Schelling High Volume Automation Conveyor System, MetalSaw Cell Automation System, ERBO Chip Collection System and Sheet Handling Monorail System.

ThyssenKrupp Aerospace is striving to become a value-focused, customer-driven, a high performance workplace. The Company is committed to upgrading workers skills; implementing new processes and becoming more efficient. Employees will be cross-trained to increase productivity. To remain competitive, promote growth, attract new customers and drive internal change, ThyssenKrupp has implemented a Career Pathways Program focused on individual training needs to promote staff development for career advancement.

Training Plan

ETP funds will help the Company deliver formalized training for the first time. Training will help ThyssenKrupp Aerospace upgrade worker job skills, increase customer services, improve the efficiency and quality of production, design a quick turn-around delivery system, bring maintenance team function in-house, adapt to new equipment and support the Company's continued growth.

Training will take place at the Company's facility in Santa Fe Springs. Training will be provided by in-house subject matter experts. Vendors will be identified, if needed. Courses will be delivered via Class/Lab and Videoconference as outlined below:

Business Skills (15%): Training will be offered to all occupations. Training will provide workers the necessary skills to increase knowledge and perform their jobs more effectively and possible to help transition staff to a high performance workplace.

Computer Skills (5%): Training will be offered to all occupations to effectively utilize the Company's existing automated systems, to support and manage overall business operations.

Continuous Improvement (20%): Training will be offered to all occupations to facilitate and meet the Company's growth objectives. Trainees will learn skills to improve individual performance, foster process improvement and enhance quality at all level throughout the facility.

Hazardous Materials (5%): Training will be offered to occupations. Trainees will learn proper techniques, knowledge and communication on handling various metal components and other materials throughout the process.

Manufacturing Skills (55%): Training will be offered to all occupations. Trainees will gain the skills and knowledge to operate and maintain production equipment, ensure product quality and implement best practices in operations and processes.

Commitment to Training

ThyssenKrupp Aerospace has an annual training budget of \$39,000 for its Santa Fe Springs facilities. In the past, the Company has provided training in general safety, federal and state mandated training, job-specific skills and company-wide procedures. ETP funding will allow ThyssenKrupp Aerospace to provide well-designed, goal-oriented company-wide training to sustain growth and enable the Company to remain competitive. With ETP funding, the Company will be able to implement changes throughout the organization and meet its goals. Once the ETP program has concluded, ThyssenKrupp is committed to continuing the quality and frequency of employee 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

Training is scheduled to begin upon Panel approval. ThyssenKrupp Aerospace has designated a Coordinator and a Lean Champion Staff to oversee ETP training and administrative responsibilities including managing, scheduling, delivery and documentation of training. ThyssenKrupp Aerospace will also utilize a third party administrator for enrollment, data tracking and invoicing.

Impact/Outcome

ThyssenKrupp Aerospace anticipates that approximately 35 trainees in multiple occupations will be trained and company certified in Forklift, Sideloader and Career Pathways Program. Certified trainees will be able to operate equipment/machine safely without supervision. Additional certified and qualified employees will help the Company increase and expand business and remain competitive. The employees will also have the opportunities to increase career advancement within the Company.

RECOMMENDATION

Staff recommends approval of this proposal.

DEVELOPMENT SERVICES

CBRE, Inc. in Los Angeles assisted with development for a flat fee of \$5,000.

ADMINISTRATIVE SERVICES

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

TRAINING VENDORS

To Be Determined

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

8-200

Trainees may receive any of the following:

BUSINESS SKILLS

- Leadership Skills
- Get the Most of the Meetings
- Motivate Employees Successfully
- Working Smarter
- Problem Solving
- Presentation Skills
- Communication Skills
- Train-the-Trainer

COMPUTER SKILLS

- Microsoft Office Suite – Intermediate/Advance
- Warehouse Management Systems

CONTINUOUS IMPROVEMENT

- Lean/Six Sigma
- 5S/6S Principles
- Kaizen Training/AIWs
- Gemba/Waste Walks

HAZARDOUS MATERIALS

- Metal Components
- Chemical
- Hazardous Materials/Waste

MANUFACTURING SKILLS

- Powered Industrial Truck Skills (forklift, sideloader, reach truck scissorlift)
- Equipment Operation
- Crane Operations
- Material Handling/Material Stacks (Center of Gravity)
- Quality Assurance
- International Traffic in Arms Regulations Compliance
- Planning & Production Planning
- Transportation & Logistics Coordination
- Maintenance

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.