

DELEGATION ORDER



**Retrainee - Job Creation
Training Proposal for:
Tropicana Manufacturing Company, Inc.**

Agreement Number: ET16-0339

Approval Date: December 29, 2015

ETP Regional Office: North Hollywood

Analyst: M. Paccereilli

PROJECT PROFILE

Contract Attributes:	Retrainee Priority Rate Job Creation Initiative	Industry Sector(s):	Manufacturing Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Los Angeles	Repeat Contractor:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Union(s):	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Teamster Local Union No. 848		
Number of Employees in:	CA: 42,000	U.S.: 168,000	Worldwide: 285,000
<u>Turnover Rate:</u>	5%		
<u>Managers/Supervisors:</u> (% of total trainees)	20%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	Total ETP Funding
\$89,880		\$22,490 (30% Job 1)	\$0		\$67,390

In-Kind Contribution:	100% of Total ETP Funding Required	\$93,290
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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	Mfg. Skills, Business Skills, Continuous Imp., Computer Skills, PL-Mfg. Skills	130	8-200	0	*\$403	\$15.97
				Weighted Avg: 32			
2	Retrainee Priority Rate Job Creation Initiative	Mfg. Skills, Business Skills, Continuous Imp., Computer Skills, PL-Mfg. Skills	10	8-200	0	\$1,500	\$13.31
				Weighted Avg: 75			

*Reflects substantial contribution

Minimum Wage by County: \$15.97 in Job Number 1 and \$13.31 in Job Number 2 in 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

Although employer provides health benefits, they are not being used to meet Post-Retention Wage.

Job 1 & 2 Wage Range by Occupation

Occupation Titles	Wage Range	Estimated # of Trainees
Production Staff		120 8
Administrative Staff		2
Manager/Supervisor		10

INTRODUCTION

Founded in 1947, Tropicana Manufacturing Company, Inc. (Tropicana) (www.tropicana.com), a subsidiary of PepsiCo, manufactures and distributes a line of fresh juices, blended juices and smoothies.

Tropicana developed a pasteurization process to pack pure chilled juices aseptically in glass bottles, allowing shipping without refrigeration. The Company also devised a method of freezing pure whole citrus juice in 20-gallon blocks for storage and shipping. Since its acquisition by PepsiCo in 1998, it has become a leading producer of branded fruit juices worldwide; supplying retailers, wholesalers, and education systems.

In this proposal, training will be provided to 140 employees of Tropicana's Naked Juice product line in its City of Industry facility. This site is the sole manufacturer of Naked Juice, a line of fresh premium fruit juices and smoothies.

Naked Juice has been an innovative product line for which the Company frequently introduces new flavors to meet consumer expectations and increase demand. As the only Naked Juice plant within the Company worldwide, it is continually seeking ways to remain competitive and to adhere to its guiding principles.

PROJECT DETAILS

This will be Tropicana's fourth ETP Agreement within the last five years at the City of Industry. Training in this proposal differs from and/or expands on training delivered in previous projects. The ET11-0276 (Job Creation only) expanded the Company's operation and successfully hired and trained 49 new employees. In ET12-0423, the training focused on the conversion of its production lines as it switched from high-density polyethylene bottles to 100% recycled PET (polyethylene terephthalate).

The most recent Agreement (ET14-0204) focused on the implementation of the Company's \$8.9M investment in new equipment and system upgrades. The goal was to train employees in all phases of the new equipment and processes; however, not all phases of training were provided to all trainees. This new proposal will be a continuation of the last project, which will upgrade trainee skills in leading-edge technology and produce money-saving efficiencies.

Retrainee - Job Creation

With the success of the Naked Juice products, the Company has expanded operations by installing new equipment and systems upgrades. As new manufacturing processes are introduced, new positions become available. Newly-hired employees must be trained so that the Company can develop and enhance critical manufacturing skills. Tropicana has committed to hiring 10 new employees (Job Number 2). Trainees must be hired within the three-month period prior to Panel approval or during the term of contract.

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. To be eligible for reimbursement, trainees must be hired within the three-month period prior to Panel approval or during the term of contract. These trainees will be hired into "net new jobs" as a condition of contract.

Training Plan

Tropicana is requesting ETP funding to help its employees upgrade their skills, grow within their current role, and ensure a broader understanding of the production process in the following areas:

Manufacturing Skills (40%): Training will be offered to Production Staff in the operation, repair and maintenance of new equipment and manufacturing processes. Courses will be specific to the type of equipment with cross-training provided to ensure a full understanding of the entire manufacturing process.

Continuous Improvement (30%): Training will be offered to all occupations with emphasis on Quality Concepts, Total Productive Manufacturing and Just-In-Time Processes.

Business Skills (15%): Training will be offered to Production and Administrative Staff. As they are placed in structured teams, trainees need business performance skills to ensure that costs are controlled and to improve communication skills.

Computer Skills (15%): Training will be offered to all occupations in intermediate and advanced Microsoft office to ensure they properly navigate and utilize this software to manage their workload and processes.

Productive Laboratory

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.

While some trainees may have good foundational knowledge, classroom training can only provide theory; trainees will need practical knowledge to reach optimal skill levels and become a valuable asset to Tropicana and its customers. Production Staff will receive 40 hours of PL in Manufacturing Skills. These trainees will be certified to operate, troubleshoot, manage and/or maintain the new equipment to the manufacturer's specifications.

Trainers will work directly with them on a 1:1 ratio with each trainee to provide hands-on, learning opportunities that would otherwise be too expensive or impossible to replicate in a classroom or simulated setting. The trainer will be dedicated to training delivery during all hours of training.

Commitment to Training

ETP funds will not displace the existing financial commitment to training. In support of continuous employee development, The Company's current training budget is approximately \$215,000 and covers new hire orientation, OSHA-mandated training and other ongoing training effort to ensure a safe and efficient work environment. Safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

Union Support

The Production Staff participating in this proposal is represented by a collective bargaining unit. These trainees are represented by the Teamsters Local Union No. 848. The union provided a letter of support for the training of their respective members.

Substantial Contribution

Tropicana is a repeat contractor with payment earned in excess of \$250,000 at its facility within the past five years. (See Prior Projects Table)

The previous Agreement, completed in 2015 (ET14-0204), was assessed a 15% Substantial Contribution. Accordingly, reimbursement for incumbent worker trainees in Job Number 1 in this proposal must be reduced by 30% for a Substantial Contribution of \$22,490. In Job Number 2, the Substantial Contribution requirement does not apply to Job Creation trainees.

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

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

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned \$ %
ET14-0204**	City of Industry	10/21/13- 10/20/15	\$274,200	\$67,315 (25%)
ET12-0423	City of Industry	06/30/12- 06/29/14	\$135,792	\$135,792 (100%)
ET11-0276 (Job Creation Only)	City of Industry	05/31/11- 05/30/13	\$182,250	\$179,754 (99%)

**ET14-0204: The Contractor was unable to maximize earnings due to organizational changes within the Company including the transfer of the project administrator to another facility. It took several months before a new administrator was assigned. During that period, a lot of training was provided, but the training hours were not captured in accordance with ETP requirements. As a result, the majority of trainees fall short of the required 24 minimum hours.

To ensure the success in this new proposal, the new administrator will continue to oversee the new project and will include involvement of department managers/supervisors for proper documentation of the ETP training.

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:

MANUFACTURING SKILLS

- Production Equipment Operation/Maintenance
- Automatic Data Collection Blender Training
- Total Productive Manufacturing Equipment Based
- Conveyor Systems Operation, Maintenance and Repair
- Pumps Operation, Maintenance and Repair
- Electrical Equipment Operation, Maintenance and Repair
- Pneumatic Equipment Operation
- Hazard Analysis and Critical Control Point Advanced Training
- Quality Management Microbiology and Sanitation Training

BUSINESS SKILLS

- Business Performance/Skills Enhancement
- Business Basics
- Business Run Right
- Communication Skills
- Project Management
- Systems, Applications and Processes

COMPUTER SKILLS

- Microsoft Office Suite (Advanced & Intermediate)
(Word, Excel, PowerPoint, Project, Access)

CONTINUOUS IMPROVEMENT

- Leadership Skills for Frontline Workers
- Quality Concepts
- Just-in-Time Processes
- Process Improvement
- Teambuilding (Natural Work Teams)
- Problem Solving
- Total Productive Manufacturing
- Quality Good Manufacturing Processes
- Organizational Capability and Continuous Improvement

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

PL Hours

0-40

MANUFACTURING SKILLS (Ratio: 1:1)

- Production Equipment Operation/Maintenance
- Automatic Data Collection Blender
- Total Productive Manufacturing Equipment Based
 - Autonomous Maintenance
 - Depalletizer

- Rinser/Filler/Capper
- Kronos Labelers
- Tray Shrink Packer
- Dynac/Laner
- Case Packer
- Case Erector and Sealer
- Palletier
- Stretchwrapper
- VideoJet Coder
- Coder Training
- Pallet Labelers
- Zarpac Scada System
- Juice Storage and Blending
- Protein Stabilizing Pasteurization Systems
- Conveyor Systems Operation, Maintenance and Repair
- Pumps Operation, Maintenance and Repair
- Electrical Equipment Operation, Maintenance and Repair
- Pneumatic Equipment Operation
- Hazard Analysis and Critical Control Point Advanced
- Quality Management Microbiology and Sanitation
 - Packaging Floor Sensory Training
 - Fill Weight SPC
 - Product Quality Training
 - Hold IT Program
 - Organic Training

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery. PL is capped at 40 hours per-trainee.



Teamsters Local Union No. 848

Chartered in 1937

ERIC TATE
SECRETARY-TREASURER

December 1, 2015

Employment Training Panel
1100 J Street
Sacramento, CA 95814

Ref: Tropicana Beverages North America Contract

Dear Panel Members:

Tropicana Beverages North America is requesting an Employment Training Panel contract with your office. The training curriculum proposed by Tropicana, City of Industry plant will significantly help to increase the capability and skill of its employees. Our union fully supports the proposed curriculum and believes that it will enhance our members' skill set and productivity. The contract with your office will provide the employees the knowledge and the tool to function in a continuous improvement environment. After review of the training plan, we determine that it plays an important role in the furtherance of objectives between this Union and Tropicana.

The cooperation arrangements among Public Sector, Corporations, and Unions are beneficial to all parties. We fully support it. We greatly appreciate your panel's efforts and endeavor.

If I can be of further assistance, please let me know.

Sincerely,

Charles Tran
Business Representative
Teamsters Union Local 848
Cell: (626) 705-8123

Our Members Are Our Strength. . . Our Children Are Our Future. . . Our Retirees Are Our Foundation

731 EAST ARROW HIGHWAY GLENDORA, CALIFORNIA 91740 PHONE (626) 732-4700 FAX (626) 732-4707

Affiliated with the International Brotherhood of Teamsters

