



DELEGATION ORDER

Training Proposal for:

Ultimate Formulations, Inc. dba Best Formulations

Agreement Number: ET16-0325

Approval Date: December 30, 2015

ETP Regional Office: North Hollywood

Analyst: M. Webb

PROJECT PROFILE

Contract Attributes:	Retrainee Priority Rate	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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Number of Employees in:	CA: 290	U.S.: 290	Worldwide: 290
<u>Turnover Rate:</u>	15%		
<u>Managers/Supervisors:</u> (% of total trainees)	16%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	Total ETP Funding
\$93,600		\$0	\$0		\$93,600

In-Kind Contribution:	100% of Total ETP Funding Required	\$125,827
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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, Cont. Improv., Mfg. Skills, HazMat, PL-Mfg. Skills	130	8-200	0	\$720	\$15.97
				Weighted Avg: 40			

Minimum Wage by County: Job Number 1: \$15.97 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 \$1.49 per hour may be used to meet the Post-Retention Wage.

Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
JOB NUMBER 1		
Production Staff		53
Technical/Quality Staff		40
Administration Staff		17
Supervisors/Managers		20

INTRODUCTION

Founded in 1984, Ultimate Formulations, Inc. dba Best Formulations (Best Formulations) (www.bestformulations.com) is a nutraceutical and pharmaceutical company located in the City of Industry. Best Formulations is a contract manufacturer and private labeler of nutritional supplements which include tablets, soft gels, powders, capsules, dietary teas and over-the-counter and prescription drugs. This will be Best Formulations fourth ETP Agreement.

Under the last ETP Agreement, training focused on inventory management and in-house testing in their laboratory to reduce testing costs and lead times. The Company also purchased a new pill pouching machine to cut production costs and material waste. As such, training was focused on Operating Procedures delivered to Production Staff, Technical/Quality Staff, and Supervisors/Managers via Productive Laboratory training.

PROJECT DETAILS

To remain competitive, Best Formulations must increase its production capacity and improve quality to continue manufacturing and delivering cost effective products to its customers. The Company has purchased a new SYMETIX VeriSym Inspection System, Scale Printers, Tablet Presses, Soft gel Polishing System, and Packaging System which was installed November/December 2015.

The inspection system will remove defected soft gels (leakers, misshaped, etc.) from batches manufactured. The system will also mechanically inspect every soft gel by color, size, and symmetry. This unit will increase productivity as well as reduce overhead in the production process. The soft gel polishing system will be integrated with the inspection system to provide soft gel finishing/polishing. In addition, Best Formulations will also train staff on its Gas Chromatograph Mass Spectrometer (GC-MS), laboratory equipment that can measure and identify certain chemicals and compounds. In the past, contaminants found were sent to labs. However, with GC-MS, Best Formulations is able to cut down lead time thus providing customers quicker turnaround times.

The final step of the manufacturing process is to insert capsules into master containers (manual process). The new packaging system will automatically count, weigh, package, and seal finished soft gels into master cartons. Training will be provided to staff to ensure they are capable of running newly purchased machinery properly.

Training in Business Skills, Continuous Improvement, and Computer Skills will be provided to all employees to enhance employee skill sets and operational processes. Curriculum topics include Coaching, Communication, Efficiency Analysis, and Goal Setting.

Training Plan

Business Skills (20%): Training will be offered to all occupations to increase team building and customer service skills. Trainees will also receive training in Conflict Resolution and Market Analysis.

HazMat (5%): Training will be offered to Production Staff, Technical/Quality Staff, Administration Staff, and Supervisors and Managers. Trainees will learn how to safely handle hazardous materials encountered during the production process.

Computer Skills (15%): Training will be offered to all occupations to ensure employees are capable of utilizing computer programs used by Best Formulations. Staff will learn how to use the company's database for Quality and Business Intelligence Reporting).

Manufacturing Skills (30%): Training will be offered to Production Staff, Technical/Quality Staff, and Supervisors/Managers. Training on equipment usage and maintenance skills will provide staff with the knowledge to run machinery independently.

Continuous Improvement (20%): Training will be offered to all occupations to improve employee skills and increase efficiency in the workplace. Trainees will be provided curriculum that can enhance skills in lean production (manufacturing), waste reduction, and good manufacturing practices.

Productive Laboratory (10%):

The Panel 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 will be dedicated to training delivery during all hours of training, and special attendance rosters will be used to assist in monitoring.

Best Formulations has purchased new equipment that will be used by incumbent and newly hired staff. As a result, the Company has developed a training plan that includes Productive Lab (PL) training to equip Production Staff with the knowledge necessary to safely operate equipment and maintain production flow. Trainees will be assigned job tasks to perform utilizing equipment such as the soft gel inspection system, encapsulation machines, presses, pill pouching lines, and powder filling machines. Trainees will work under the direct supervision of a qualified instructor as batches are assigned and completed by the trainee. ETP staff has also received Best Formulations tasks and competency sheet used during the PL training process.

PL Trainees are expected to produce the same output levels as more experienced workers at Best Formulations. Trainers will examine and review work performed by staff to determine if the trainee can independently complete job duties as assigned. Training will be conducted in small groups with a 1:1 trainer-to-trainee ratio not to exceed 25 PL hours per trainee.

Commitment to Training

Best Formulations continues to deliver mandatory, company-wide training to its employees.

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

The Company has hired Training Funding Source to provide administrative services under this Agreement. As a repeat contractor, designated company employees have been assigned to handle the following; schedule training, meeting with ETP and third party staff, collecting rosters, and tracking training hours.

RECOMMENDATION

Staff recommends approval of this proposal.

ACTIVE PROJECTS

The following table summarizes performance by Best Formulations under an active ETP Agreement:

Agreement No.	Approved Amount	Term	No. Trainees (Estimated)	No. Completed Training	No. Retained
ET15-0120	\$110,040	07/01/14-06/30/16	201	235	141

Based on ETP Systems, 6,839 reimbursable hours have been tracked for potential earnings of \$110,040 (100% of approved amount). The Contractor projects final earnings of 100% based on progress and final payments in progress through December 2015.

PRIOR PROJECTS

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

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned \$ %
ET12-0385	Industry	05/11/12- 05/10/14	\$97,308	\$96,845 (99%)
ET10-0287	Industry	10/27/09- 10/26/11	\$74,880	\$62,546 (83%)

DEVELOPMENT SERVICES

Best Formulations retained Training Funding Source in Seal Beach to assist with development of this proposal for a flat fee of \$5,900.

ADMINISTRATIVE SERVICES

Training Funding Source will also perform administrative services in connection with this proposal for a fee not to exceed 13% of payment earned.

TRAINING VENDORS

N/A

Exhibit B: Menu Curriculum

Class/Lab Hours

8-200

Trainees may receive any of the following:

BUSINESS SKILLS

- Customer Retention
- Market Analysis
- Coaching
- Goal Setting
- Inventory Analysis
- Communication
- Standard Operating Procedures
- Conflict Resolution
- Team Building
- Leadership Skills

COMPUTER SKILLS

- Structured Query Language Database
- Access Database
- Business Intelligence Reporting
- Material Requirements Planning Wizard
- Quality Database
- Bar Coding

CONTINUOUS IMPROVEMENT

- GMP Documentation
- Six Sigma
- Lean Production
- Spaghetti Diagrams
- Waste Reduction
- Efficiency Analysis
- 5 S
- Material Review Board
- Facilities Design
- Audits Preparation

HAZMAT

- Hazardous Materials
- SDS (Safety Data Sheets)

MANUFACTURING SKILLS

- Hazard Analysis and Critical Control Points (HACCP)
- Housekeeping
- Good Manufacturing Practices
- Softgel Inspection System
- Equipment Operations
- Machine Maintenance
- Facilities Maintenance

Safety Training cannot exceed 10% of total training hours per-trainee
(This cap does not apply to Hazmat)

Productive Lab Hours (1:1)

0-25

MANUFACTURING SKILLS

- Process Validation
- Equipment Validation
- Inductively Coupled Plasma Mass Spectrometer (ICP-MS)
- Gas Chromatograph Mass Spectrometer (GC-MS)
- Method Development
- Micro Testing
- Good Laboratory Practices

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