

**DELEGATION ORDER**



**Retrainee - Job Creation  
Training Proposal for:  
Watsonville Auto Body, Inc.**

**Small Business**

**ET16-0299**

**Approval Date:** November 25, 2015

**ETP Regional Office:** San Francisco Bay Area

**Analyst:** R. Jackson

**CONTRACTOR**

- Type of Industry: Services
  
- Priority Industry:  Yes  No
  
- Number of Full-Time Employees
  - California: 38
  - Worldwide: 38
  - Number to be trained: 39
  
- Owner  Yes  No
  
- Out-of-State Competition: No OSC
  
- Special Employment Training (SET):  Yes  No
  
- High Unemployment Area (HUA):  Yes  No
  
- Turnover Rate: 14%
  
- Repeat Contractor:  Yes  No

**FUNDING**

- Requested Amount: \$42,900
  
- In-Kind Contribution: \$33,160

**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 SET SB <100	Cont. Imp., Business Skills, Computer Skills, Comm. Skills, HazMat, PL-Comm. Skills, PL-Computer Skills	25	8-60	0	\$1,100	\$27.40
				Weighted Avg: 50			
2	Retrainee SET Job Creation SB<100	Cont. Imp., Business Skills, Computer Skills, Comm. Skills, HazMat, PL-Comm. Skills, PL-Computer Skills	14	8-60	0	\$1,100	\$13.70
				Weighted Avg: 50			

- Reimbursement Rate: Job #'s 1 & 2: \$22 SB Non-Priority
- County(ies): Santa Cruz, Monterey
- Occupations to be Trained: Manager, Owner, Estimator, Technician, Administrative Staff
- Union Representation:  Yes  
 No
- Health Benefits: Job #1: \$2.11 per hour

**SUBCONTRACTORS**

- Development Services: Synergy Management Consultants LLC, Grass Valley, assisted with development for a flat fee of \$3,000.
- Administrative Services: Synergy Management Consultants LLC will also provide administrative services for a fee not to exceed 13% of payment earned.
- Training Vendors: Intra-industry Conference on Automotive Repair, Los Angeles, Commercial Skills; Tesla Motors, Fremont, Commercial Skills; Pittsburgh Plate and Glass, San Jose, Business Skills

## **OVERVIEW**

Founded in 1981, Watsonville Auto Body, Inc. (Watsonville) ([www.fixauto.com/watsonville](http://www.fixauto.com/watsonville)) provides automotive repair services and sales of parts and accessories. The Company has two facilities located in Freedom and Salinas.

Rapid business growth and industry changes are presenting the need for skill upgrades. For Watsonville to remain competitive, staff needs to train on new industry conditions. The automotive collision repair industry has experienced changes to processes and materials as new vehicles must meet Corporate Average Fuel Economy (CAFE) standards. CAFE standards require a much higher level of fuel economy and vehicle weight is a significant factor.

To meet these standards, manufacturers are reducing the weight of new vehicles by incorporating materials such as aluminum, ultra high strength steels, borons, and composites. These new materials and methods of vehicle construction require different methods of repair. Alternative fuel, hybrid technology and electric vehicles also require different repair methods. These changes create the need to re-tool and retrain employees to handle the repairs and to provide accurate estimates. Industry specific training such as Inter-Industry Conference on Auto Collision Repair (ICAR) and Automotive Service Excellence (ASE) are examples of training standard expectations set by insurance companies. Training in software systems and quality improvements are necessary at all locations to ensure consistency, timely reporting to insurance companies, and improve customer service.

### **Retrainee - Job Creation**

In early 2016, Watsonville will open a third service location in Santa Cruz County and needs to hire and train an estimated 14 employees. Watsonville projects a 25% (2016-17) revenue growth from parts and automotive repair services. Watsonville is entering a market offering specialty repairs for new aluminum vehicles supported mainly by Direct Repair Programs which consists of several participating insurers. Changes in recently increased business further influenced the decision to open a new shop in Santa Cruz and invest in new equipment along with hiring new employees.

Until the new facility is fully operational newly hired employees will work and train at its headquarters location in Salinas. The Company has verified that there is ample space in their existing garage to accommodate the new employees.

The date-of-hire for all trainees in the Job Creation program will be within the three-month period before contract approval or within the term-of-contract. Trainees will be hired into "net new jobs" as a condition of the contract.

### **Training Plan**

Training will be provided by in-house trainers and vendors in the following:

**Business Skills** - Training will be provided to Administrative Staff, Estimator and Manager. This training is necessary for employees to understand the sales and claims processes and understand how their job function impacts the total customer experience.

**Commercial Skills** - Training will be provided to Technicians, Estimators and Managers. Training will include maintenance-service, new vehicle technologies, aluminum, electric and hybrid repair, and extended ICAR credentials. Topics will also include certification for Honda, Mercedes, Lexus, BMW, Toyota, Ford, Tesla, and other specific original equipment

manufacturers. Sales Staff will need this training to understand the changes in the manufacturing process and be able to accurately estimate damage and create repair plans for the Technicians.

**Computer Skills** - All occupation will receive training relevant to their job functions. Training is necessary to accurately assess current conditions, set objectives, notice trends and communicate in a fast paced environment. The collision industry has seen changes in how insurers and other partners exchange data. The Direct Repair Programs requires trainees to be updated on new processes and procedures. Computer Skills will enable the Company to use IT systems to track costs; plan production and service flow while communicating with customers, potential customers and employees. Training will provide skills to reduce waste, and maximize efficiency and productivity.

**Continuous Improvement** - Training will be provided to all occupations to improve quality, cycle time, and cost efficiency by implementing Lean Production and Quality Control Process systems. These processes identify service, production and flow issues as well as their root causes. This training will provide solutions to improve quality, reduce waste and defects across all areas of the Company. Watsonville expects to increase efficiency by an estimated 15% with continuous improvement training.

**Hazardous Materials** – Training will be delivered to Technicians and will cover hazardous materials handling and disposal. Toxic debris, waste, and other contaminated materials are often processed during automotive repair work. Training will give trainees the skill sets needed to manage materials encountered during collision repair and clean-up.

### **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 and with no more than one trainee per instructor. The instructor must be dedicated to training delivery during all hours of training. A task competency list is on file and supports the request for Commercial and Computer Skills to be delivered via PL.

Watsonville estimates that 14 Technicians and Estimators will receive up to 24 hours of PL training. Newly hired Technicians and Estimators will receive the most PL hours. PL training will utilize an experienced trainer to specify the scope of work, explain the process and needed equipment, verify that the trainee understands standards and specifications. The trainer will observe the employee perform the task, provide feedback, assist with re-work if necessary, and ensure that the task has been performed correctly to ensure that the employee understands the process and is proficient in the task.

PL is needed to increase skills and capacity of trainees. The Company states coaching on actual work product is a necessary training process. Estimators were assessed as needing upgraded computer skills to complete work orders. PL allows the company to fill the gap between classroom-based instruction and hands on learning opportunities using real scenarios.

The PL trainer-to-trainee ratio will not exceed 1:1. PL training hours will be capped at 24 hours per trainee.

**RECOMMENDATION**

Staff recommends approval of this proposal.

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

8-60

Trainees may receive any of the following:

**BUSINESS SKILLS**

- ✚ Customer Care Skills:
  - Customer Retention
  - Customer Engagement
  - Customer Relationship Building
- ✚ Advanced Sales & Marketing Skills:
  - Prospecting & Closing
  - Sales Account Management
  - Advanced Closing Techniques
  - Sales Procedures & Strategies
- ✚ Negotiation Skills
- ✚ Conflict Resolution
- ✚ Communication Skills
- ✚ Presentation Skills

**COMMERCIAL SKILLS**

- ✚ I-CAR Collision Repair Certification Skills
- ✚ Refinishing Skills:
  - Trim & Hardware
  - Surface Preparation
  - Vehicle Priming/Sealing
  - Paint Spray Guns Maintenance & Set-Up
  - Corrosion Protection Process
  - Sand, Buff & Detail
  - Color Theory & Tints
  - Blending Techniques
  - New Technologies
- ✚ Structural Repair:
  - Unibody Alignment
  - Three Dimensional Measuring
  - Repair & Replacement of Outer Body Panels
  - High Strength Steels
  - Aluminum Repair Processes
  - MIG Welding Skills
  - Straightening Structural Damage
  - Glass Replacement
  - Pillars, Rocker Panels, Rails, Front Structures & Floor Pan
  - Heating Cooling and AC Systems
  - Steering & Suspension Systems
  - Advanced Vehicle Systems
- ✚ Non-Structural Vehicle Repair Skills:
  - Remove & Install Trim & Hardware
  - Adhesive Bonding
  - Diagnose Wind Noise & Water Leaks
  - Aluminum Cosmetic Damage

- Spot Welding
- ✚ Estimating Skills:
  - Steering & Suspension System Damage Analysis
  - Damage on Non-Drivable Vehicles
  - Electrical/Mechanical Systems
  - Stationary Glass
  - Advanced Materials
  - Advanced Vehicle Systems
- ✚ Vehicle Operation, Maintenance, & Troubleshooting
- ✚ Alternative Fuel & Hybrid Vehicle Repair Diagnostics
- ✚ Service Procedures & Scheduling
- ✚ Product Knowledge
- ✚ Original Equipment Manufacturer Knowledge/Skills
- ✚ Tesla, Honda, Toyota, Lexus and BMW Certification Training

### **COMPUTER SKILLS**

- ✚ CCCOneSoftware:
  - Job Costing
  - Production Flow
  - Production Planning - ETA Times & Dates
- ✚ Michell & Michell Repair Center Software
- ✚ Audatex Software
- ✚ CCC Info Systems Software
- ✚ Alldata Software
- ✚ Microsoft Office Suite
- ✚ Quickbooks Accounting

### **CONTINUOUS IMPROVEMENT**

- ✚ Leadership Skills
- ✚ Teambuilding
- ✚ Root Cause Analysis
- ✚ Kaizen Event Strategy & Implementation
- ✚ Lean Concepts
- ✚ Process/Quality Improvement
- ✚ Problem Solving/Decision Making Skills
- ✚ Inventory Control
- ✚ Standard Operating Procedures

### **HAZARDOUS MATERIALS**

- ✚ Completing Material Safety Data Sheets
- ✚ Volatile Organic Compound Tracking
- ✚ Emergency Clean-Up
- ✚ Registration, Evaluation, Authorization & Restriction of Chemical Substances

### **Productive Lab Hours**

0-24

### **COMMERCIAL SKILLS (1:1 RATIO)**

- ✚ Body Filler Methods
- ✚ Structural Resistance Spot Welding
- ✚ Mig Brazing Techniques
- ✚ Disabling Electric or Hybrid Vehicles

- ✚ Color Tinting
- ✚ Spraying/Blending Techniques
- ✚ Measuring Vehicle Structures
- ✚ Alignment Process for Unitized Vehicles
- ✚ Alignment Process for Full Frame Vehicles
- ✚ Aluminum Repair
- ✚ Technical Estimating Skills

**COMPUTER SKILLS (1:1 RATIO)**

- ✚ Estimating Direct Repair Program Skills
- ✚ Estimating System Software Skills

Note: Reimbursement for retraining is capped at 60 total training hours per trainee, regardless of the method of delivery. PL is capped at 24 hours per-trainee.