



RETRAINEE - JOB CREATION

Training Proposal for:

Weber Metals, Inc.

Agreement Number: ET16-0276

Panel Meeting of: December 4, 2015

ETP Regional Office: North Hollywood

Analyst: E. Fuzesi

PROJECT PROFILE

Contract Attributes:	Retrainee Priority Rate HUA Job Creation Initiative	Industry Sector(s):	Manufacturing Aerospace and Defense Services 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: 505	U.S.:509	Worldwide: 8,600
<u>Turnover Rate:</u>	11%		
<u>Managers/Supervisors:</u> (% of total trainees)	13%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	Total ETP Funding
\$196,220		\$0	\$0		\$196,220

In-Kind Contribution:	100% of Total ETP Funding Required	\$209,567
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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, Continuous Impr., HazMat, HAZWOPER, OSHA10/30, Mgmt. Skills, Literacy Skills	130	8-200	0	\$900	\$15.97
				Weighted Avg: 50			
2	Retrainee Priority Rate HUA	Business Skills, Continuous Impr., HazMat, HAZWOPER, OSHA10/30, Mgmt. Skills, Literacy Skills	95	8-200	0	\$576	\$11.98
				Weighted Avg: 32			
3	Retrainee Job Creation Initiative Priority Rate	Advanced Tech, Business Skills, Continuous Impr., HazMat, HAZWOPER, OSHA10/30, Mgmt. Skills, Literacy Skills	25	8-200	0	\$500	\$13.31
				Weighted Avg: 25			
4	Retrainee Job Creation Initiative Priority Rate HUA	Business Skills, Continuous Impr., HazMat, HAZWOPER, OSHA10, Mgmt. Skills, Literacy Skills,	25	8-200	0	\$480	\$10.00*
				Weighted Avg: 24			

*It will be made a condition of contract that the trainees in this Job Number will never be paid less than the statewide minimum wage rate as in effect at the end of retention regardless of the wage expressed in this table.

Minimum Wage by County: Job Number 1, Standard Retrainee: \$15.97 for Los Angeles County. Job Number 2, HUA Retrainee: \$11.98 for Los Angeles County. Job Number 3, Retrainee-Job Creation: \$13.31 for Los Angeles County. Job Number 4, Retrainee-Job Creation: \$10.00 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 \$5.97 per hour may be used to meet the Post-Retention Wage.

Other Compensation: All occupations receive bonuses that are a normal, recurring part of Weber’s employee compensation. Bonuses have ranged from \$2.47 to \$27.76 per hour over the past 12 months (the average amount was \$15.01 per hour). Bonuses are not included in the Wage Range by Occupation table below.

Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
Job Number 1:		
Administration Staff		35
Engineer		15
Maintenance Staff		10
Production Staff		30
Manager/Supervisor		35
Senior Manager		5
Job Number 2:		
Maintenance Staff		75
Production Staff		20
Job Number 3:		
Engineer		5
Production Staff		20
Job Number 4:		
Production Staff		25

INTRODUCTION

Founded in 1945, Weber Metals, Inc. (Weber) (www.webermetals.com) is a metal-forging company serving the commercial and military aircraft manufacturing industries worldwide. Weber has two U.S. facilities in Paramount and Compton, both of whom will be participating in this Agreement. Between the two facilities, the Company has nine open and closed die presses, housed in 15 buildings on over 22 acres.

Weber's products include die-forged metal parts used primarily for fixed aircraft structures such as frames, fittings, beams, the cockpit, and landing systems. Weber is a subsidiary of Otto Fuchs KG, headquartered in Germany. The Company has been serving the aluminum forging needs of the growing West Coast aerospace industry since the 1950s, when aircraft builders moved from primarily military programs to commercial programs.

PROJECT DETAILS

Recently, Weber's two largest clients, Boeing and Airbus, released their individual 20-year projections on demand for aircraft. This amounts to approximately 68,000 new commercial airplanes. In modern aircraft manufacturing, the construction of such aircraft requires large forges with over 40,000-ton pressure range in order to press titanium and titanium alloys. These light metals have increased strength for improved safety and performance.

Client demand is exceeding Weber's capacity, even when operations are running 24/7. The Company's solution is to move shipping functionality to its Compton location, allowing space for expansion at the Paramount location. The Company will be expanding its capabilities by installing a new 60,000-ton forging press in a new building on the existing property. This will

enable production of larger components for aerospace applications. As a result of this initiative, Weber will need to provide a significant amount of training to new and incumbent workers.

Retrainee - Job Creation

In support of job creation, the Panel is offering incentives to companies that commit to hiring new employees. Under the Retrainee-Job Creation program, training for newly-hired employees will be reimbursed at a higher rate and trainees will be subject to a lower post-retention wage.

Weber's plan to expand its Paramount facility centers on the construction of a 115,000 square foot building to house and equip the new 60,000-ton hydraulic-forging press, several furnaces, and other machinery used in the forging process. (Large forging presses are extremely large pieces of equipment that seldom, if ever, move from their original installation location, and have long term life cycles.) This will be the largest privately financed forge press in the world, enabling the production of experimental and super-alloys to produce larger components for aerospace applications. The Company will also need to expand the Compton facility to house the shipping.

For these reasons, Weber has committed to hiring 50 new employees (Job Numbers 3 and 4). The Company represents that 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. The Company also represents that these trainees will be hired into "net new jobs" as a condition of contract.

Training Plan

Advanced Technology (3%) – Training will be offered to newly-hired Engineers (Job Number 3). In the production process, the design engineering department creates plans for the individual die (mold) that will be used to create the customer's product. They will train in Catia and Deform which are highly technical software packages. Due to the high cost of this training (\$2,000-3,000 per trainee) and the expense of the software, Weber requests enhanced AT reimbursement. The trainer-to-trainee ratio is 1:10 for AT, to allow in-depth coverage and personal attention from the instructor.

Business Skills (9%) – Training will be offered to all staff to improve staff's communication skills which includes overcoming cultural differences and obstacles in a productive work environment. This training will help trainees and supervisors communicate with each other.

Continuous Improvement (13%) – Training will be offered to all staff focusing on eliminating waste and damage to property. Trainees will learn the root cause of errors, the metallurgical science behind the forging process, the Theory of Constraints, and the relationship between Sales, Inventory, Operations and Production. Additionally, training will focus on Project Management to ensure proper completion of plans and tasks.

Literacy Skills (35%) – Training will be offered to Production and Maintenance Staff in order to improve their English literacy—writing, reading and speaking. The manufacturing process requires attention to detail provided in written work instructions in English. Thus, Literacy Skills is extremely important to the safety of the final product due to the high quality required for manufacturing.

Management Skills (34%) – Training will be offered to Supervisors, Managers, and Senior Managers focusing on Leadership and Team Building. These skills will train the management team to empower and develop their employees and build teamwork throughout.

Certified Safety Training

OSHA 10/30 (2%) – Training will be provided to Maintenance Staff, Production Staff, and Managers/Supervisors. This training is a series of courses “bundled” by industry sector and occupation. It consists of 10 hours of classroom training for frontline workers and 30 hours for frontline supervisors. Completion of the training results in a certificate that expands employment opportunities. The coursework must be approved by Cal-OSHA, and the instructors must be certified by Cal-OSHA.

Hazardous Materials (HAZMAT) (2%) – Training will provide Production Staff, Maintenance Staff, Managers/Supervisors with the skills needed to safely handle and dispose of hazardous materials on the jobsite. This training is also a series of courses, specific to industry sectors involved in the transport of hazardous materials. The coursework varies in length depending on the occupational title, as organized in five levels ranging from “first responder” to “incident commander”. It is generally a minimum of 24 hours with an 8-hour annual refresher, and will be delivered by classroom training. Completion of the training results in a certificate that expands employment opportunities. Due to the possibility of injury on the production floor, select trainees will also receive 8 hours of training in the approach and handling of blood and control of blood borne pathogens.

Hazardous Waste Operations and Emergency Response Standard (HAZWOPER) (2%) – Training will be provided to Engineers, Maintenance Staff, Production Staff, and Managers/Supervisors. This training is also a series of courses specifically designed for workers who handle hazardous substances as first-responders, or clean-up as needed at a hazard disposal or emergency site. 8 hours of training will be supplied for trainees previously certified; 24 hours of training will be supplied for trainees not previously certified. This coursework must be approved by Cal-OSHA, and the instructors must be certified by Cal-OSHA.

Commitment to Training

Weber’s annual training budget is \$61,000 per year per facility. This includes mainly Class/Lab and some Computer-Based Training in Business Skills such as Inventory Control, Product Knowledge, Strategic Planning, Negotiating, Customer Relations, Resolving Customer Complaints; Computer Skills such as Computer-Aided Design and Manufacturing Resource Planning; Continuous Improvement such as ISO, Teambuilding, Just-In-Time; and Manufacturing Skills such as Equipment Operation and Manufacturing Procedures.

Funding will allow Weber to initiate a formal training program, with a plan in place for every employee, and provide multi-faceted training year-round. The proposed ETP-funded training is Weber’s first step in creating a robust training plan to develop each employee, enhancing abilities and continuous development of skills. Weber represents that 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

A dedicated Training Specialist will be hired to administer the program with assistance from four to five Human Resources staff members as needed. The new Training Specialist will schedule training sessions, track hours and meet with ETP staff.

High Unemployment Area

All trainees work in a High Unemployment Area (HUA) with unemployment exceeding the state average by at least 25%. The Company's locations in Paramount and Compton in Los Angeles County qualify for HUA status under these standards.

➤ Wage Modification

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. Weber is requesting this wage modification to \$11.98 for Job Number 2 and to \$10.00 in Job Number 4 (Job Creation). In Job Number 2, post-retention wages will have to exceed the start-of-training wages.

Impact/Outcome

This training program will quickly train new and existing employees in order to prepare the workforce for the expansion that will be completed in 2017. Classes will include a final test to ensure the employee has learned and understood the material. HAZWOPER, OSHA 10/30, and HAZMAT trainees will be certified in these areas.

Temporary to Permanent Hiring

Five trainees in Job Numbers 3 and 4 come under Panel guidelines for "temporary to permanent" employment. Weber has retained these employees through a temporary agency, with the intention of hiring them into full-time, permanent positions after training which can take up to 6 months. When a permanent position opens, these workers will be encouraged to apply. If hired, their 90-day probationary period will be grandfathered in, and their health benefits start immediately as Weber employees.

These trainees must be determined eligible to participate in ETP-funded training before the start of training, while on payroll with the temporary agency. However, the retention and post-retention wage requirements cannot be satisfied until after they have been hired by the Weber. Until then, Weber will not receive progress payments.

RECOMMENDATION

Staff recommends approval of this proposal.

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:

BUSINESS SKILLS

- Cultural Awareness and Communication Between Cultures

CONTINUOUS IMPROVEMENT

- 6S
- Aluminum 101
- Blueprint Reading
- Foreign Object Damage/Debris
- Project Management
- Root Cause Analysis
- Sales, Inventory, Operations, Production
- Theory of Constraints

LITERACY SKILLS

- English for Non-Native Speakers (Vocational English As A Second Language)

Literacy Skills is limited to 45% of the total training hours per trainee

HAZARDOUS MATERIALS

- Blood Borne Pathogens
- Hazardous Material Handling

HAZWOPER (Certified Instructor)

- HAZWOPER

MANAGEMENT SKILLS

- Leadership
- Team Building

OSHA 10/30 (Certified Instructor)

- OSHA 10 (Requires Completion of 10 hours)
- OSHA 30 (Requires Completion of 30 hours)

AT Hours

0-24

ADVANCED TECHNOLOGY

- Catia Software (Design Engineering for Metallurgy)
- Deform Software (Design Engineering for Metallurgy)

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