



DELEGATION ORDER

Retrainee-Job Creation

Training Proposal for:

Zodiac Seat Shells U.S. LLC

Agreement Number: ET16-0446

Approval Date: April 22, 2016

ETP Regional Office: North Hollywood

Analyst: M. Webb

PROJECT PROFILE

Contract Attributes:	Retrainee Job Creation Initiative Priority Rate	Industry Sector(s):	Manufacturing Priority Industry: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Counties Served:	Santa Barbara	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: 1,800	U.S.: 11,100	Worldwide: 30,900
<u>Turnover Rate:</u>	5%		
<u>Managers/Supervisors:</u> (% of total trainees)	6%		

FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	Total ETP Funding
\$64,150		\$0	\$0		\$64,150

In-Kind Contribution:	100% of Total ETP Funding Required	\$81,200
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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. Imp., HazMat, Mfg. Skills, PL-Mfg. Skills	127	8-200	0	\$450	*\$15.60
				Weighted Avg: 25			
2	Priority Rate Job Creation Retrainee	Business Skills, Computer Skills, Cont. Imp., HazMat, Mfg. Skills, PL-Mfg. Skills	7	8-200	0	\$1,000	*\$12.77
				Weighted Avg: 50			

Minimum Wage by County: Job Number 1: \$15.60 per hour for Santa Barbara County
 Job Number 2 (Job Creation): \$12.77 per hour for Santa Barbara 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 \$3.02 per hour may be used to meet the Post-Retention Wage in Job Number 1 and up to \$2.77 per hour in Job Number 2.

Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
Job Number 1		
Production Staff	*	42
Lead	*	10
Administrative Staff	*	10
Support Staff	*	15
Manager/Supervisor		10
Engineer		35
Information Systems Staff		5
Job Number 2		
Production Staff	*	1
Lead	*	1
Administrative Staff	*	1
Support Staff	*	1
Manager/Supervisor		1

Engineer		1
Information Systems Staff		1

* It will be made a condition of contract that these trainees will never be paid less than the State or local minimum wage rate as in effect at the end of retention (Final Payment) regardless of the wage expressed in this table. The highest minimum wage rate will prevail.

INTRODUCTION

Located in Santa Maria, Zodiac Seat Shells U.S. LLC (Zodiac) (www.zodiacaerospace.com) designs and manufactures seat shells used in airplanes. These seat shells become components of products designed and manufactured by its parent division, Zodiac Seats LLC. Zodiac is a wholly owned subsidiary of Zodiac Aerospace SA of France. The Company's signature model, Zodiac 5751 (slim line economy class seat), is used by commercial airlines such as Delta and American Airlines. This will be the only location participating under this Agreement.

PROJECT DETAILS

This will be the Company's second ETP Agreement. Under the prior contract, training focused on lean manufacturing to improve on-time delivery and reduce production cost. Due to increased production and rapid company growth during this time, workers were unable to receive training as originally planned. Training not provided under ET14-0216 will now be delivered to incumbent and newly hired staff, which includes new manufacturing processes, upgrades on computer software programs, and problem solving, and project management.

Airlines continue to find ways to improve the travel experience and refurbish its first and business class areas every five years. To meet the demand for Zodiac's low-weight aircraft interior products, the Company improved its design and increased its manufacturing capacity. As a result, staff needs training to increase skill sets to produce quality products and meet customer expectations. Training will be provided by in-house instructors.

Zodiac manufactures its own composite materials used to make seat shells. These composites (fiberglass, Kevlar, and graphite) are combined with various plastic resins, honeycomb core, and pre-impregnated fabrics to construct high quality, low weight seat shells. Construction materials utilized by Zodiac must be compliance with the Federal Aviation Administration's cabin interior flammability requirements. With complex manufacturing processes, Zodiac employees must learn new manufacturing techniques to reduce production costs, improve product quality, and improve on-time delivery.

The Company continues to push new initiatives that will require workers to learn new production processes and manufacturing techniques. Training in Lean manufacturing will enable workers to identify areas in the manufacturing process that need improvement. Curriculum topics in Continuous Improvement, Business and Computer Skills will increase product knowledge, and improve the production process.

Retrainee - Job Creation

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.

Zodiac has committed to hiring seven new employees (Job Number 2). In the last few years, the Company has experienced high demand from airlines. As a result, Zodiac implemented

new manufacturing processes to increase proficiency and meet higher productivity levels. New employees need training to ensure they can complete job duties equivalent to incumbent workers.

Zodiac 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

Business Skills (20%): Training will be offered to Engineers and Managers/Supervisors to improve project management skills. Training courses such as Business Processes and Project Management will increase customer satisfaction by improving delivery times.

Computer Skills (10%): Training will be offered to Engineers, Leads, Information Systems Staff and Managers/Supervisors. Training will improve worker skills to design and manufacture customized products for clientele. Courses include 3-D PDF Viewer, Network Developer Tools and Utilities and MS Office.

Manufacturing Skills (35%): Training will be offered to Production Staff in new manufacturing procedures recently implemented to improve production processes, reduce waste, and improve product quality. Course topics include Manufacturing Techniques, Seat Shell Fabrication and Plastic Injection Molding.

Continuous Improvement (25%): Training will be offered to all occupations to improve efficiency and increase productivity. Training topics such as Team Problem Solving and Lean Manufacturing will teach staff to identify waste in the production process and create new techniques that will improve the manufacturing process.

Certified Safety Training

Hazardous Materials (5%): Training will be offered to Leads, Managers/Supervisors, Production and Support Staff. Production processes reiterate proper usage of all materials when manufacturing seat shells. Workers will learn how to handle hazardous chemicals correctly and reduce the misuse of hazardous materials in the workplace. 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 industry and 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 may be delivered by classroom or CBT. This coursework is not under Cal-OSHA, but is administered under the Department of Transportation and CalTRANS. There are various certification entities for the coursework and instructors.

Productive Laboratory (5%)

Approximately 30 Production Staff will receive Productive Lab (PL) training in Manufacturing Skills. Training will include component fabrication and forming equipment, plastic thermoforming and injection molding equipment, and production assembly and repair machinery. Newly hired workers will learn operation procedures for Zodiac equipment. PL training will be conducted in small groups with a 1:1 trainer-to-trainee ratio not to exceed 40 PL hours per trainee.

During PL training, staff will learn the function of equipment being trained on, observe their instructor operate the machinery, and then perform the same procedures while being observed by the instructor. While operating machinery, the instructors will critique the trainee’s techniques and ensure they are following all operating procedures correctly. Once the trainee has

demonstrated competency, the instructor will evaluate the trainee's skills and certify that the trainee can operate equipment independently.

Commitment to Training

Zodiac spends approximately \$98,500 on training at the Santa Maria facility. Training delivered includes sexual harassment prevention, new hire orientation, safety regulations, basic computer skills training, commercial skills, and on-the-job training.

Zodiac 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

Zodiac has hired a third party administrator to perform administrative duties. Administrative procedures and the coordinator are in place to schedule training, collect rosters, and track training hours.

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

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

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned	
				\$	%
ET14-0216	Santa Maria	11/25/13- 11/24/15	\$180,680	\$60,603	(33%)

Zodiac experienced high product demand during the Agreement term. Due to rapid growth and increase in business, trainees could not be released from their jobs to attend training classes. The Company is now familiar with ETP administration duties and requirements and feels they are in a better position to focus on training. Final earnings are estimated at approximately \$64,000 once all trainees have been submitted for final payment. The current proposal has been "right-sized" consistent with this projection.

DEVELOPMENT SERVICES

National Training Company, Inc. in Irvine assisted with development for a flat fee of \$3,850.

ADMINISTRATIVE SERVICES

National Training Company, Inc. will also perform administrative services 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

- Accounting Skills
- Business Processes
- Marketing Strategies
- Project Management

COMPUTER SKILLS

- 3D PDF Viewer
- Computerized Reports
- Computer-Aided Design
- Database Administrator/Developer Tools and Utilities
- MS Office (Intermediate and Advanced)
- Network Developer Tools and Utilities
- Production/Distribution/Planning Software
- Project Management Applications
- Software Development

CONTINUOUS IMPROVEMENT

- Best Manufacturing Practices
- Coaching/Counseling/Motivation Techniques
- Communication Skills
- Inspection Procedures
- Lean Manufacturing
- Leadership Skills
- Operating Procedures
- Quality Control
- Team Building
- Team Problem Solving
- Zodiac Quality Systems

HAZARDOUS MATERIALS

- Flammability Control Procedures
- Hazardous Materials Handling
- Hazardous Safety Procedures

MANUFACTURING SKILLS

- Assembly Procedures and Methods
- Manufacturing Techniques
- Material Handling
- Plastic Thermoforming
- Plastic Injection Molding
- Production Equipment/Tools
- Production Processes
- Repair Station Procedures
- Resolving Production Problems

- Seat Shell Fabrication
- Standard Operating Procedures
- Technical Specifications

Safety Training cannot exceed 10% of total training hour's per-trainee

Productive Lab Hours

0-40

MANUFACTURING SKILLS (Ratio 1:1)

- Component Fabrication Equipment
- Component Forming Equipment
- Plastic Thermoforming Equipment
- Plastic Injection Molding Equipment
- Production Assembly and Repair Equipment

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.