



## RETRAINEE - JOB CREATION

Training Proposal for:

**Hawker Pacific Aerospace**

**Agreement Number: ET17-0262**

**Panel Meeting of:** October 28, 2016

**ETP Regional Office:** North Hollywood

**Analyst:** M. Reeves

### PROJECT PROFILE

Contract Attributes:	Retrainee Job Creation Initiative Veterans Priority Rate	Industry Sector(s):	Transportation/Logistics Services 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: 348	U.S.: 360	Worldwide: 360
<u>Turnover Rate:</u>	15%		
<u>Managers/Supervisors:</u> (% of total trainees)	8%		

### FUNDING DETAIL

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	<b>Total ETP Funding</b>
\$319,000		\$143,100	\$0		\$175,900

<b>In-Kind Contribution:</b>	100% of Total ETP Funding Required	\$475,125
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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, Continuous Imp., Mgmt. Skills, Mfg. Skills, PL - Mfg. Skills	265	8-200	0	**\$540	\$16.48
				Weighted Avg: 60			
2	Retrainee Job Creation Initiative Priority Rate	Business Skills, Computer Skills, Continuous Imp., Mfg. Skills, PL - Mfg. Skills	15	8-200	0	\$1,600	*\$13.73
				Weighted Avg: 80			
3	Retrainee Job Creation Initiative Veterans Priority Rate	Business Skills, Computer Skills, Continuous Imp., Mfg. Skills, PL - Mfg. Skills	5	8-200	0	\$1,760	*\$13.73
				Weighted Avg: 80			

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

\*\*Subject to Substantial Contribution

**Minimum Wage by County:** Job Number 1: \$16.48 per hour for Los Angeles County.

Job Numbers 2 and 3 (Job Creation): \$13.73 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 \$3.80 per hour (Job Number 1) and up to \$3.17 per hour (Job Number 2) may be used to meet the Post-Retention Wage.

Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
<b>Job Number 1</b>		
Production/Maintenance Staff		138
Sales/Marketing Staff		4
Administrative/Accounting Staff		35
Shipping/Receiving Staff		13
Manager/Supervisor		23
Production Support Staff		52

<b>Job Numbers 2 and 3 (Job Creation)</b>		
Production/Maintenance Staff		20

## **INTRODUCTION**

Founded in 1980, Hawker Pacific Aerospace (HPA) ([www.hawker.com](http://www.hawker.com)) specializes in the maintenance, repair and overhaul of aircraft landing gear and associated hydraulic components. HPA is located in Sun Valley and is a wholly owned subsidiary of Lufthansa Technik AG. The Sun Valley facility provides Federal Aviation Administration (FAA)-and European Aviation Safety Agency (EASA)-certified services for all major commercial and regional aircraft types. The Company's customers include commercial airlines, air freight carriers, and government agencies.

HPA is eligible for standard retraining as a company primarily engaged in providing services directly to customers located both inside and outside of California.

This is HPA's 8th ETP Agreement, the 3<sup>rd</sup> in the last five years. (See Prior Projects Table). The previous ETP project focused on new skills training to support the Company's addition of Thrust Reverser repair and overhaul capabilities to its growing list of services. The proposed training is a continuation in the advancement of HPA's production processes and technology. The training outlined in this project includes new software system skills, as well as several newly added production skills in the areas of assembly, engineering, inspection, CNC machining and tooling. This proposal includes employees who may have participated in a previous contract; however, the subject matter has been updated and/or changed, so there will be no duplication of training for incumbent staff.

## **PROJECT DETAILS**

HPA has experienced steady growth over the past few years, and as a result, the Company is seeking to improve its internal efficiencies and remain competitive. Constant changes and strict requirements associated with the aviation industry require HPA to maintain a knowledgeable workforce adaptive and responsive to the demands of a highly technical environment.

Recently, the Company completed the installation of a new SAP software platform that will be instrumental in integrating operations to support industry standards and customer requirements. At a cost of approximately \$1.7 million, the integrated features of this new system will impact all areas of the organization. By retraining its workers in the latest technology, HPA will be able to establish tighter business controls and achieve higher quality standards through improved efficiency.

In addition to the extensive Computer Skills training to facilitate the SAP system implementation, the Company has developed a comprehensive training plan that includes Business Skills, Continuous Improvement, Management Skills, and Manufacturing Skills to ensure that all processes and procedures enhance productivity.

### **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.

The Company's recent investments in new technology will help to put HPA in position to successfully expand its existing business capacity. Therefore, HPA has committed to hiring 20

new production/maintenance employees (Job Numbers 2 and 3). The Company anticipates hiring will primarily take place during late 2016 and early 2017 to accommodate additional workload scheduled for 2017-2019.

The date-of-hire for all trainees will be within the three-month period before contract approval or within the term-of-contract. These trainees will be hired into “net new jobs” as a condition of contract.

### **Veterans Program**

HPA plans to hire five Veterans (Job Number 3) who have served on active full-time duty in the Armed Forces. The Panel has established a higher reimbursement rate and other incentives for training California veterans, as will be reflected in the contract.

### **Training Plan**

Training will take place at the Company’s facility in Sun Valley, and will be delivered by a combination of in-house subject matter experts and vendors to be identified during the contract term.

**Business Skills** (10%) – Training will be offered to all trainees. Training will focus on customer service, industry knowledge, business analytics, finance and accounting, purchasing, and sales. Trainees will learn to enhance business productivity and manage resources with greater efficiency.

**Computer Skills** (25%) – Training will be offered to all trainees to facilitate the successful implementation of the new SAP system that fully integrates all aspects of the Company’s processes and infrastructure. Training will help workers become more proficient with business software solutions in the areas of resource planning, inventory control, work order tracking, and logistics.

**Continuous Improvement** (15%) – Training will be offered to all trainees. This training will focus on process improvements and problem solving methodologies that enhance productivity through lean enterprise principles, quality control, and inspection.

**Management Skills** (10%) - Training will be offered to Managers/Supervisors. Training will equip the Company’s leadership team with motivation, problem solving, mentoring, and conflict management skills to effectively lead personnel through changes in technology and business processes.

**Manufacturing Skills** (25%) – Training will be offered to Production/Maintenance Staff. These training modules will cover various aspects of equipment operation and maintenance. This training will improve product quality, reduce errors/waste, and enhance the Company’s overall production process.

### **Productive Laboratory** (15%)

Trainees may produce goods for profit as part of the PL training in the courses identified under the Curriculum. The instructor must be dedicated to training delivery during all hours of training.

Certain production skills are best learned by putting theoretical concepts into practice through hands-on experience. PL training allows for practical, hands-on instruction in productive environment that cannot be adequately duplicated in a classroom setting. Therefore, the Company plans to provide PL training to approximately 200 trainees in the occupations of

Production/Maintenance, Shipping/Receiving, and Production Support. PL training will allow these workers to achieve the competencies needed to perform their jobs at optimal levels of safety and productivity. The training will focus on equipment operation and maintenance.

Equipment to be used during the proposed PL training will include blasters, presses, grinders, lathes, mills, dip tanks, tools/dies, paint booths, ovens, hoists/cranes, and forklifts. Training will be taught by subject matter experts with demonstrated knowledge and expertise in HTA-specific processes/procedures. The PL trainer-to-trainee ratio will not exceed 1:1. Training will be capped at 40 hours per trainee.

### **Substantial Contribution**

HPA is a repeat contractor with payment earned in excess of \$250,000, and a former Substantial Contribution at the 30% level at the Sun Valley facility within the past five years. Accordingly, reimbursement for trainees at this facility (Job Number 1) will be reduced by 50% to reflect the Company's \$143,100 Substantial Contribution to the cost of training. The Substantial Contribution requirement does not apply to Retrainee – Job Creation trainees (Job Numbers 2 and 3).

### **Commitment to Training**

HPA spends an estimated \$450,000 annually on training in California. Ongoing training consists of new-hire onboarding, regulatory topics, sexual harassment prevention, and human resource related training. Safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

#### ➤ Training Infrastructure

Internal project and training coordinators will oversee class scheduling and training documentation. In addition, the Company has retained an outside administrative consultant to ensure that all training documentation adheres to ETP requirements.

### **RECOMMENDATION**

Staff recommends approval of this proposal.

### **ACTIVE PROJECTS**

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

<b>Agreement No.</b>	<b>Approved Amount</b>	<b>Term</b>	<b>No. Trainees (Estimated)</b>	<b>No. Completed Training</b>	<b>No. Retained</b>
ET15-0311	\$390,055	12/01/14 – 11/30/16	335	388	TBD

Based on ETP Systems, 19,446 reimbursable hours have been tracked for potential earnings of \$286,254 (73% of approved amount). With final retention numbers still outstanding, the Contractor projects final earnings of approximately 80%, pending closeout of this Agreement.

**PRIOR PROJECTS**

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

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned \$ %
ET13-0168	Sun Valley	10/01/12 – 09/30/14	\$521,488	\$422,612 (81%)

**DEVELOPMENT SERVICES**

Ethos Training Solutions LLC (Ethos) in Sierra Madre assisted with development for a flat fee of \$5,000.

**ADMINISTRATIVE SERVICES**

Ethos will also perform administrative services for a fee not to exceed 13% of payment earned.

**TRAINING VENDORS**

To Be Determined

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

8 - 200

Trainees may receive any of the following:

**BUSINESS SKILLS**

- ✚ Administration Core Basics
- ✚ Analytical Skills
- ✚ Contracts/Proposals
- ✚ Cost Accounting Functions
- ✚ Credit Memos
- ✚ Customer Service
- ✚ Finance Functions
- ✚ Human Resource Functions
- ✚ Industry Knowledge
- ✚ Invoicing Functions
- ✚ Logistics Functions
- ✚ Material Sales
- ✚ Purchasing

**COMPUTER SKILLS**

- ✚ CAD/CAM
- ✚ IRO (Internal Rework Order) Procedure
- ✚ Opening Work Orders
- ✚ Solid Works
- ✚ IT Applications
- ✚ HPA (Hawker Pacific Aerospace) Systems
- ✚ SAP/PA4

**CONTINUOUS IMPROVEMENT**

- ✚ Audits
- ✚ Environmental Sustainability
- ✚ Federal Regulations & Orders
- ✚ HPA Customers
- ✚ Lean
- ✚ Production Control
- ✚ Quality
- ✚ WIP (Work in Progress)

**MANAGEMENT SKILLS (Managers/Supervisors only)**

- ✚ Manager/Supervisor Roles
- ✚ Leadership Core Basics

**MANUFACTURING SKILLS**

- ✚ AMT (Aviation Maintenance Technician) Standard Practices
- ✚ Anode
- ✚ Assembly
- ✚ Blast
- ✚ Bushing Operations
- ✚ Calibration
- ✚ Cleaning Parts
- ✚ CNC Machining

- ✚ Conventional Broaching
- ✚ Conventional Grind
- ✚ Conventional Lathe/Turning
- ✚ Conventional Mill/Bore
- ✚ Conventional Swage
- ✚ Corrosion Removal
- ✚ Disassembly
- ✚ Electro Functions
- ✚ Engineering
- ✚ Equipment/Tools
- ✚ Hand Finishing
- ✚ Harness
- ✚ Inspection
- ✚ Support Shop Processes
- ✚ Lab Procedures
- ✚ Machining Operations
- ✚ Maintenance
- ✚ Materials, Inspection & Repair Process
- ✚ NDI (Non Destructive Inspection)
- ✚ NDT (Non Destructive Testing)
- ✚ Oven Operations
- ✚ Paint Process Procedures
- ✚ Passivation
- ✚ Plating
- ✚ Primer/Paint Applications
- ✚ Raw Materials
- ✚ Shipping/Receiving
- ✚ Shop Core Basics
- ✚ Shop Routers
- ✚ Stockroom
- ✚ Technical Library
- ✚ Test Verification
- ✚ Tooling Process/Procedures
- ✚ Transducers Test
- ✚ Transformers Test

### **Productive Lab Hours**

0 - 40

#### **PRODUCTIVE LAB (PL) – MANUFACTURING SKILLS (1:1 ratio)**

- ✚ AMT Standard Practices
- ✚ Anode
- ✚ Assembly
- ✚ Blast
- ✚ Bushing Operations
- ✚ Calibration
- ✚ Cleaning Parts
- ✚ CNC Machining
- ✚ Conventional Broaching
- ✚ Conventional Grind
- ✚ Conventional Lathe/Turning
- ✚ Conventional Mill/Bore
- ✚ Conventional Swage

- ✚ Corrosion Removal
- ✚ Disassembly
- ✚ Electro Functions
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- ✚ Technical Library
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- ✚ Transducers Test
- ✚ Transformers Test

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.