



State of California
Employment Training Panel

Training Proposal for:
Peterson Brothers Construction, Inc.

Agreement Number: ET09-0189

Panel Meeting of: **July 25, 2008**

ETP Regional Office: **San Diego**

Analyst: J. Davey

PROJECT PROFILE

Contract Type: SET Frontline - Retrainee
 Priority/Retrainee

Industry Sector(s): Construction

Counties Served: Orange

Repeat Contractor: Yes No

Union(s): Yes No

Priority Industry: Yes No

No. Employees in CA: 600

No. Employees Worldwide: 635

Turnover Rate %	Manager/Supervisor %
8%	0%

FUNDING DETAIL

Program Costs	Substantial Contribution	Total ETP Funding
\$129,600	\$0	\$129,600

In-Kind Contribution
\$216,680

TRAINING PLAN TABLE

Job No.	Job Description	Type of Training	Average No. of Trainees	Range of Hours		Average Cost per Trainee	Post-Retention Wage
				Class / Lab	CBT		
1	SET - Frontline Retrainee	Business Skills, Commercial Skills, Computer Skills, Continuous Improvement, Literacy Skills	140	24 - 200	0	\$720	\$23.36
				Weighted Avg: 40			
2	Priority/Retrainee	Business Skills, Commercial Skills, Computer Skills, Continuous Improvement Skills	40	24 - 200	0	\$720	\$14.02
				Weighted Avg: 40			

Minimum Wage by County: Trainees must earn at least the state average hourly wage of \$23.36 in Job Number 1. Trainees in Job Number 2 must earn \$14.02 per hour for Orange 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

\$ 1.80 per hour may be used to meet the Post-Retention Wage.

Other Benefits: Life Insurance, Holiday Leave, Sick Leave, Vacation, Stock Ownership Plan

Wage Range by Occupation	
Occupation Title	Wage Range
Field Installers	
Office Support Staff	

INTRODUCTION

In this second proposal, Peterson Brothers Construction, Inc. (PBC) seeks funding for retraining as outlined below:

PBC provides concrete, masonry, paver, and decorative contracting services to commercial and residential builder/contractors in the southern California region. The installation staff at PBC are eligible for funding under the Special Employment Training (SET) provisions in Title 22, California Code of Regulations (CCR), Section 4409(a) for workers earning at least the statewide average hourly wage. The company’s headquarters and corporate administrative support staff are eligible under the standard retraining provisions outlined under Title 22, CCR, Section 4416(e), in support of its out-of-state facilities.

Founded in 1983 in Brea, PBC is a concrete, masonry, paving, and architectural stonework subcontractor for builder/developers such as Snyder Langstrom, Standard Pacific, Whiting Turner, John Laing, and other residential and commercial contractors. The company provides a wide range of concrete, architectural stone, and masonry products.

A company spokesperson reports that PBC has experienced significant changes in the construction industry recently. New technology in construction has increased competition in the bidding for jobs. The severe reduction in residential construction over the last two years has re-directed the company into more commercial construction. The scarcity of land suitable for development in Southern California continues to place competitive pressures.

In addition, continuously changing government and builder requirements, architectural designs, and economies of scale have affected the "tools of the trade." Recently the United States Green Building Council has created guidelines for "green" construction requirements. PBC has had to keep pace with these changes while completing the highest quality projects.

According to PCB, these changes have compelled the company to find ways to meet the competitive challenges of maintaining its place in the marketplace. To maintain its competitive edge PBC must implement business skills, commercial skills, computer, and continuous improvement training to its key Frontline Workers to meet the changes required in moving to a high performance workplace. A PBC spokesperson states that this new training proposal will build on the training established in the previous ETP project.

In the first project, PBC did not perform as much of the training as planned due to unfavorable weather conditions, in-house trainer illness, and the downturn in the residential market. PBC was able to provide some training in skills that were not weather dependent and were conducted by outside training vendors. The company has scaled back its training plan to more reasonable levels, with the expectation that it will be able to schedule the delivery of training more effectively the second time around.

PROJECT DETAILS

Business Skills training will be provided to all trainees to help them develop the skills and techniques to improve the use of materials and products and resource allocation to improve and fulfill bidding requirements. Trainees will also receive training in project forecasting, processing special orders, and reading work orders. Customer satisfaction training will provide employees the skills to interface and communicate with customers to respond appropriately to changing customer demands. Performance management will improve trainees' time management and prioritization skills, along with communication skills to improve effective meeting and presentation skills.

Computer Skills training will be provided to all trainees as required by the implementation of new computer systems and programs. PBC's goal is to provide reports and information to field offices so workers can operate more independently and efficiently. Frontline workers will receive training on new hand-held computers and new methods of entering and retrieving data to customize reports, inventory, payroll and benefits information, as well as construction management. Training will focus on ERP system (Timberline), Internet-based time tracking system and project management software needed to access, analyze and utilize information.

In addition, selected office staff, who were unable to participate in the previous project, will receive training in Microsoft (MS) Office applications, such as Excel and Word at the intermediate and advanced levels. MS Office applications skills training will assist office staff in

fulfilling customer orders more accurately and respond better to demands for operational reporting.

Commercial Skills training will be provided to all field installers to help them develop the skills and techniques to improve the use of materials and products and resource allocation to improve and fulfill bidding requirements. Trainees will also receive training in construction procedures & walk through and field operations procedures. These skills will allow trainees to understand formal processes in the installation of products and how to eliminate waste in the installation process. In addition, "green" production processes will be introduced for the first time in a formal way.

Continuous Improvement Skills training will be provided to all trainees in quality systems and procedures, team building, problem solving, decision making, and quality process improvement. Company representatives state that employees have not been trained to work in a team environment. Team building will enable PBC to unify separate departments by communicating a common set of quality values to align everyone on common goals. They will learn the techniques of joining a team, and carry it over to their respective departments. Problem solving will enable workers to get to the root cause of recurring problems: clarify the problem, investigate it, prioritize, and put an action plan in place.

Another important goal of this training is to provide trainees with the methods to analyze how a project or function is done and evaluate it against past, current and proposed innovations. Frontline workers need to be equipped with the skills to analyze resource requirements to complete a job according to work plans and project specifications. They also need to have the ability to make decisions in a team environment by consensus. These skills will establish an important change in the way PBC operates to improve efficiency, downtime, and decision making and move the company toward a high performance workplace.

Literacy Skills training will be provided in Vocational English as a Second Language (VESL) to Installers that have been assessed as requiring this training to benefit from job-specific training. PBC was unable to provide any literacy skills training during the previous contract. PBC will administer a standard assessment test to determine each individual's ability to read and write English. Affected trainees will receive no more than 45% of their total training hours in literacy skills in accordance with Title 22, CCR, Section 4420.

Commitment to Training

PBC states that it's annual investment in training is \$28,000 in California, to provide on-the-job technical skills training for installers, new hire orientation training, occasional computer skills training, and state mandated safety training.

PBC states that past training is unstructured and provides minimal skills for employees to do their jobs. Based on the figure above, per employee training expense for the year is less than \$50.00. Not every trainee receives training in a given year, so the amount for training in any given year is targeted to employees with the greatest need.

PBC represents that ETP funds will not displace the existing financial commitment to training. The company anticipates that the opportunity for enhanced training made possible by ETP funds will encourage an ongoing financial commitment in this area.

PBC represents that safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

Special Employment Training

Under Special Employment Training (SET) the company is not required to demonstrate out-of-state competition, and the trainees are not required to meet eligibility standards for retraining. To qualify under SET, trainees must be earning at least the statewide average hourly wage at the end of the retention period. (Unemployment Insurance Code 10214.5. Title 22, CCR, Section 4409(a).)

Trainees in Job Number 1 of this proposal have been identified for SET funds because this occupation (field installers) does not face out-of-state competition.

RECOMMENDATION

For the reasons set forth above, staff recommends approval of this proposal.

PRIOR PROJECTS

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

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned
ET06-0214	Brea	12/28/05 - 12/27/07	\$116,480	\$64,953

PBC states that the less-than-stellar performance was due to unfavorable weather conditions, a sharp downturn in the residential construction market, and in-house trainer illness. The administration of training has been moved from the human resources department to the training department where it will be given high priority.

DEVELOPMENT SERVICES

The company retained Menzel & Associates in Seal Beach to assist with development of this proposal for a flat fee of \$13,900.

ADMINISTRATIVE SERVICES

The company retained Menzel & Associates in Seal Beach to perform administrative services in connection with this proposal for a fee yet to be determined, but not to exceed 13% of payment earned.

TRAINING VENDORS

To Be Determined

Exhibit B: Menu Curriculum

Class/Lab Hours

24 – 200

Trainees will receive any of the following:

BUSINESS SKILLS

- Customer Satisfaction
- Project Management
- Communication
- Leadership
- Coaching
- Facilitating & Managing Change
- Product Knowledge

COMMERCIAL SKILLS

- Construction Procedures & Walk Through
- Field Operation Procedures
- Green Production Processes

COMPUTER SKILLS

- MS Office (Intermediate & Advanced Only)
 - Word
 - Excel
 - Outlook
- Timberline (accounting software)
 - Enterprise
 - Field Systems

CONTINUOUS IMPROVEMENT

- Quality Systems & Procedures
- Team Building
- Problem Solving
- Decision Making
- Quality/Process Improvement

***LITERACY SKILLS**

- Vocational English as a Second Language

*VESL/Basic Math cannot exceed 45% of job skills training hours