



**Training Proposal for:**  
**Bottling Group LLC dba Pepsi Beverages Company**  
**Agreement Number: ET12-0279**

Panel Meeting of: **January 27, 2012**

ETP Regional Office: **San Diego**      Analyst: R. Swier

**PROJECT PROFILE**

Contract Attributes: Priority Retrainee HUA      Industry Sector(s): Manufacturing

Counties Served: Orange and Riverside      Repeat Contractor:  Yes  No

Union(s):  Yes  No      Priority Industry:  Yes  No  
 General Truck Drivers, Office, Food & Warehouse Union. Local 952 for Beuna Park location. Riverside location has no union affiliation.

No. of Employees in CA: 12,000      No. of Employees Worldwide: 150,000

| Turnover Rate % | Manager/Supervisor % |
|-----------------|----------------------|
| 3%              | 9%                   |

**FUNDING DETAIL**

| Program Costs | Substantial Contribution | Total ETP Funding | In-Kind Contribution |
|---------------|--------------------------|-------------------|----------------------|
| \$498,780     | \$0                      | \$498,780         | \$999,648            |

**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 | Business Skills, Continuous Improvement, Manufacturing Skills | 326                       | 24-200           | 0   | \$1,530                  | \$14.39             |
|         |                    |   |                           | Weighted Avg: 85 |     |                          |                     |

**Minimum Wage by County:** \$14.39 per hour for Riverside County and \$15.68 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  Maybe

Although employer provides health benefits, they are not being used to meet Post-Retention Wage.

| Wage Range by Occupation   |            |
|----------------------------|------------|
| Occupation Title           | Wage Range |
| Production/Warehouse Staff |            |
| Manufacturing Staff        |            |
| Supervisor/Manager         |            |
| Office/Resource Staff      |            |

**INTRODUCTION**

In this proposal, Bottling Group LLC dba Pepsi Beverages Company (PBC SoCal) seeks funding for retraining as outlined below:

Bottling Group LLC is a wholly-owned subsidiary of PepsiCo. The bottling plants in Riverside and Buena Park, the two proposed training facilities, have been in operation since 1990 and 1964, respectively. PBC SoCal of Buena Park and Riverside, manufacture carbonated and non-carbonated soft drinks packaged in aluminum cans, and Bag-in-Box for distribution in retail and food service. The Buena Park location also manufactures treated water polyethylene terephthalate (PET) bottles for retail sales. Both locations currently produce upward of 52MM cases of product annually.

Bottling Group LLC currently has two ETP agreements; Sacramento/Fresno (ET12-0221) for \$448,920; and Hayward (ET12-0220) for \$249,390, both approved at the December 2011 Panel Meeting. Total funding amount for Bottling Group LLC when combined with funding requested for this proposal will not exceed \$1,200,000.

PBC SoCal meets the Panel's out-of-state competition requirements as industrially-classified manufacturer. (Title 22, California Code of Regulations (CCR), Section 4416(i).) This proposal also qualifies as a Priority Industry training program.

## **PROJECT DETAILS**

Company representatives report that the Riverside plant is making significant investments in automation and new equipment in order to combat rising commodity costs by focusing on the cost productivity of goods sold. The expected costs savings will result from reduced freight costs for shipping pre-forms vs. bottles, as well as reductions in conversion costs, and label application fees. The initiatives invested is \$12MM in capital expenditures in new equipment/expansion for two additional lines. The Buena Park plant is currently competing within PepsiCo for major expansion opportunities. Improving the technological skills of current employees and producing more efficient outcomes will allow the plant to be more competitive and be considered for upward of \$10MM in expansion (new equipment, new training, and site expansion).

PBC SoCal states that the only training they have delivered in the past has been State regulatory training. However, they are now aligning with the PepsiCo mission and vision (Human, Talent and Environmental Sustainability) while also competing for profits against other out-of-state PepsiCo locations, as well as Coca Cola, Jamba Juice, Starbucks, etc. PBC SoCal training initiative will need to make significant changes in order to remain competitive and become a high performance workplace.

These PBC SoCal plants are seeking assistance through ETP-funded training in order to establish formal training programs to stimulate employee involvement, team building and team problem solving systems. A successful retraining effort as outlined in the proposal will help retain high wage, high skilled manufacturing jobs in both Orange and Riverside counties.

PBC SoCal Buena Park and Riverside proposes to train its employees in the following:

**Business Skills** training will be provided to all occupations. As the company moves to a high performance work system, all employees are placed on structured teams. As a result, all workers will need to refine their communication skills, customer relations techniques, project management, and understanding applications and products and its affects on business basics and performance.

**Continuous Improvement** training will be provided to all occupations as part of PBC SoCal implementation of high performance workplace initiatives. Training will be provided in topics such as quality concepts, Just-In-Time processes, team building, problem solving, leadership, and preventive maintenance.

**Manufacturing Skills** training is proposed for all Production/Warehouse Staff as well as Supervisors and Managers. Curriculum topics will include production equipment operations, maintenance, and repair. Cross training will also be provided to ensure a full understanding of the entire manufacturing process which will be a part of the company's overall Total Productive Manufacturing initiative.

## **Union Support**

This proposal is supported by the General Truck Drivers, Office, Food & Warehouse Local 952 to train their members to secure long-term employment in high-wage, high-skill jobs at the Buena Park facility. The Riverside facility has no union affiliation.

## **Commitment to Training**

The company represents that ETP funds will not be used to displace its existing financial commitment to training. PBC SoCal current training budget of \$375,000 between the two plants will continue to be dedicated to new employee orientation, manufacturing on-the-job training, safety and hazardous materials, management skills, clinical trials, forklift training, basic computer skills; and anti-harassment training. PBC SoCal represents that safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

## **High Unemployment Area**

Workers at the Riverside plant work in a High Unemployment Area (HUA). This is a region with unemployment exceeding the state average by 15%. (Title 22, CCR, Section 4429(b).) The determination of HUA status is based on unemployment data from the Labor Market Information Division of the Employment Development Department. The company's location in Riverside County qualifies for HUA status under these standards, however, PBC SoCal is not asking for wage or retention modification.

## **RECOMMENDATION**

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

## **DEVELOPMENT SERVICES**

PBC SoCal retained Training Grants Intelligence (TGII) in Loveland, Ohio to assist with development of this proposal at no charge.

## **ADMINISTRATIVE SERVICES**

PBC SoCal also retained TGII to perform administrative services in connection with this proposal for a fee not to exceed 10% of payment earned.

## **TRAINING VENDORS**

Trainers will be identified for ETP record-keeping purposes, as they are retained by PBC SoCal.

## **Exhibit B: Menu Curriculum**

### **Class/Lab Hours**

24-200 Trainees may receive any of the following:

#### **BUSINESS SKILLS**

- ✚ Business Performance/Skills Enhancement
- ✚ Communication Skills
- ✚ Project Management
- ✚ Systems, Applications and Products
- ✚ High Performance Work Teams (HPWS)
- ✚ Wow Consumers
- ✚ Productivity to Grow
- ✚ Winning Together
- ✚ Make it Here
- ✚ Simply Zero

#### **CONTINUOUS IMPROVEMENT**

- ✚ Leadership Skills for Frontline Workers
- ✚ Quality Concepts
- ✚ Just in Time Processes
- ✚ Process Improvement
- ✚ Teambuilding
- ✚ Problem Solving
- ✚ Quality Good Manufacturing Practices
- ✚ Early Management
- ✚ Focus Improvement
- ✚ Material Improvement
- ✚ Preventative Maintenance
- ✚ Organizational Capability Continuous Improvement

#### **MANUFACTURING SKILLS**

- ✚ Total Productive Manufacturing
- ✚ Production Equipment Operation and Maintenance
- ✚ Cross Training in Operations and Maintenance
- ✚ Autonomous Maintenance
- ✚ Operator Process/Equipment
- ✚ Technician Processes
- ✚ Maintenance Processes
- ✚ Electrical & Electronic Equipment Operation, Maintenance and Repair
- ✚ Pneumatic Equipment Operation
- ✚ Electrical Systems Technology
- ✚ Kronos Overhaul Training

Safety Training cannot exceed 10% of total training hours

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



Patrick D. Kelly  
Secretary-Treasurer and  
Principal Officer

# LOCAL UNION NO. 952

GENERAL TRUCK DRIVERS, OFFICE, FOOD & WAREHOUSE UNION

140 S. Marks Way • Orange, CA 92868-2698 • (714) 740-6200 • FAX (714) 978-0576 • www.teamsters952.org

December 14, 2011

Employment Training Panel  
1100 J Street  
Sacramento, CA 95814

Dear Panel Members:

We understand that the Pepsi Beverages Company is requesting an Employment Panel Contract with your Office. The training curriculum proposed by PBC for its Buena Park plant will significantly help to increase the capability of its employees. We do not want our members left behind because their skills may be lacking.

The assistance of your office is needed to help these employees gain new skills required to operate in a continuous improvement environment. We believe that cooperation arrangements between labor, management and the public sector are beneficial to all parties.

We support the efforts to obtain cross-training, skills' improvement and upgrading for our members and Pepsi Beverages Company's employees.

If you have any questions, please call me at (714) 740-6230.

Respectfully,

Jeff Sweet  
Business Representative

cc: Christine Clausen, PBC

