



**Training Proposal for:
Harris Ranch Beef Company
\$75,000 or Less: ET10-0248**

Panel Meeting of: **October 23, 2009**

ETP Regional Office: **Sacramento**

Analyst: K. Muraki

CONTRACTOR:

- Type of Industry: Manufacturing
 - Contractor's # of Full-Time Employees
 - *California:* 1,552
 - *Worldwide:* 1,556
 - Number to be trained: 38
 - Manager/Supervisor: 20%
 - Turnover Rate: 53%
 - Repeat Contractor: Yes No
 - Substantial Contribution: Yes No
- Priority Industry: Yes No

CONTRACT:

- Training Project Profile: Priority/Retrainee
HUA -Retrainee
- ETP Funding Amount: \$41,040
- In-Kind Contribution: \$87,172
- Average Cost per Trainee: \$1,080
- Post Retention Wage: Job Number 1: \$14.00 Job Number 2: \$10.43
- Health Benefits: \$2.68 per hour

- Occupations to be Trained: Maintenance Level A; Maintenance Level B; Maintenance Level C; Lubber; Maintenance Lead; Maintenance Supervisor
- Training Menu:

<input type="checkbox"/> Business Skills	<input type="checkbox"/> Literacy Skills
<input checked="" type="checkbox"/> Commercial Skills	<input type="checkbox"/> Management Skills
<input type="checkbox"/> Computer Skills	<input checked="" type="checkbox"/> Manufacturing Skills
<input checked="" type="checkbox"/> Cont. Improvement	<input type="checkbox"/> Other:
- Advanced Technology: Yes No
- Range of Hours: 24 - 100 Weighted Average: 60
- Multiple Job Numbers: Yes No
- County(ies) Served: Fresno
- Union Representation: Yes General Teamsters Union Local 431; United Food and Commercial Workers Union 8 Golden State
- Subcontractor: N/A
- Third Party Services: N/A

INTRODUCTION

Located in Selma, Harris Farms has been family operated since 1937 and has grown into a national, vertically integrated agribusiness. Under the leadership of John Harris, the Harris Feeding Company and Harris Ranch Beef Company (Harris Ranch) have established a reputation as pioneering the development of branded beef and value-added beef products.

This employer is eligible under Title 22, California Code of Regulations (CCR), Section 4416(i)(1) for standard retraining as a NAICS identified manufacturer.

Need for Training

The company’s training focus is to continue to reduce turnover by providing its employees with training that would allow them to progress to higher paying positions within the company.

According to company representatives, properly trained employees are able to move to the next level within the collective bargaining agreement. This upward mobility opportunity reduces turnover by encouraging employees to stay with the company. The company believes properly trained maintenance employees can reduce machinery downtime and increase yields, which makes it more competitive with its out-of-state competitors.

Union Representation

Letters of support from the United Food and Commercial Workers Union 8 Golden State and General Teamsters Union Local No. 431 were submitted by the company.

High Unemployment Area (HUA)

The 6 trainees in Job Number 2 work in a High Unemployment Area (HUA). This is a region with unemployment exceeding the state average by at least 25%, using the unemployment rate set

by the Labor Market Information Division of the Employment Development Department. (Title 22, CCR, Section [4429\(b\)](#).)

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 by at least 7%. (Title 22, CCR, Section [4429\(c\)](#).)

Harris Ranch requests a wage modification for the 6 trainees in Job Number 2. Because these workers are under the provision of a collective bargaining unit, no requirement of a 7% or more increase in wages is required.

Turnover Rate

Harris Ranch has shown considerable improvement to its turnover rate over the last three years. According to company representatives, the turnover rate has gradually improved since calendar year 2007, when the rate was 69%. In calendar year 2008 the rate was 53%; in the last 12 months from July 2008 to June 2009 the average was 39%. The first 9 months of 2009 the annualized average is 29%. Harris Ranch's turnover rate is substantially lower than the meatpacking industry as a whole which has rates up to 70% per year as substantiated in a report from the Congressional Research Service Report to Congress dated October 27, 2006 – Labor Practices in Meat Packing and Poultry Processing Industry: An Overview, which addressed the industry's high turnover rate on a national scale.

Harris Ranch acknowledges if its average turnover rate is not 25% or less throughout the last 12 months of the proposed contract for full-time employees, it will not fulfill ETP's secure job obligation.

Reimbursement will be reduced by 25% of the amount earned for each trainee in Job Numbers 1 and 2 at Harris Ranch in Selma unless it achieves an average turnover rate of 25% or less throughout the last 12 months of this Agreement for all full-time employees. Contractor must submit a written report demonstrating compliance with this standard during Fiscal Closeout.

RECOMMENDATION

For the reasons set forth above, staff recommends approval of this proposal, including the turnover penalty with a 25% trigger rate and the wage modification for trainees in Job Number 2.

GENERAL TEAMSTERS UNION LOCAL NO. 431

Affiliated with the International Brotherhood of Teamsters

President, Darrell Pratt • Secretary-Treasurer, Peter Nunez • Vice-President, Ken Fleming

Recording-Secretary, Steve La Goe • Trustees, Curtis Thiesen, Lennie Wells & George Avalos, Jr.



August 10, 2009

Mr. Brian McMahon
Executive Director
Employment Training Panel
1100 J Street, 4th Floor
Sacramento, CA 95814

Mr. McMahon:

I am writing in behalf of General Teamsters Union Local 431. We support the proposal being submitted to the Employment Training Panel from Harris Ranch Beef Co.

This application has been jointly developed by labor and management and will assist Harris Ranch Beef Co. in meeting our training goals. The proposed training will enable our union members to develop new skill set.

Sincerely,



Peter Nunez
Secretary-Treasurer
General Teamsters Union Local 431



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August 11, 2009

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Mr. McMahon:

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I am writing in behalf of United Food and Commercial Workers Union 8 Golden State and its membership of Harris Ranch Beef Company. We support the proposal being submitted to the Employment Training Panel from Harris Ranch Beef Company.

(Wholesale)
1039 U Street
Fresno, CA 93721

This application has been jointly developed by labor and management and will assist Harris Ranch Beef in meeting our training goals. The proposed training will enable our union members to develop new skill set.

(Distillery, Wine &
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Sincerely

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