



Training Proposal for:
Musco Olive Products dba Musco Family Olive Company
\$75,000 or Less: ET10-0249

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

ETP Regional Office: **Sacramento**

Analyst: J. Daunt

CONTRACTOR:

- Type of Industry: Manufacturing
 - Contractor's # of Full-Time Employees
 - *California:* 250
 - *Worldwide:* 250
 - Number to be trained: 101
 - Manager/Supervisor: 18%
 - Turnover Rate: 3%
 - Repeat Contractor: Yes No
 - Substantial Contribution: Yes No
- Priority Industry: Yes No

CONTRACT:

- Training Project Profile: Priority/Retrainee
- ETP Funding Amount: \$58,176
- In-Kind Contribution: \$75,000
- Average Cost per Trainee: \$576
- Post Retention Wage: \$13.00
- Health Benefits: \$3.20 per hour

- Occupations to be Trained: Operators, Production Workers, Technicians, Maintenance Staff, Mechanics, Shipping & Receiving Staff, Warehousing & Inventory Staff, Laboratory Staff, Attendants, Storage Personnel, Coordinators, Leads, Supervisors, Managers
- Training Menu:

<input checked="" 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 checked="" type="checkbox"/> Other: HAZMAT
- Advanced Technology: Yes No
- Range of Hours: 24-100 Weighted Average: 32
- Multiple Job Numbers: Yes No
- County(ies) Served: San Joaquin
- Union Representation: Yes No
- Subcontractor: N/A
- Third Party Services: N/A

INTRODUCTION

In this proposal, Musco Olive Products, Inc., dba Musco Family Olive Company (Musco Olives), seeks funding for retraining as outlined below.

Begun in 1942, Musco Olives currently has two manufacturing facilities – one in Orland and one in Tracy – and a receiving station in Lindsay. Company representatives state that the Orland plant produces foodservice items, while the Tracy plant is a modern, high-speed, automated facility producing ripe olives for the retail market. Brands include Pearls and Early California. The representatives state that these are the No. 1 and No. 2 U.S. brands, respectively. The capacity of the Tracy facility is 50,000 tons of olives annually.

The company employs approximately 250 full-time workers at all three facilities and an additional 60 to 100 temporary and seasonal workers. Corporate headquarters are at the Tracy facility.

Musco Olives is eligible for standard retraining as a NAICS identified manufacturer as outlined under Title 22, California Code of Regulations, Section 4416(i)(1). The company is also eligible for priority industry reimbursement.

Need for Training

The representatives state that California's olive industry is currently challenged by foreign competition, resulting in pressure to reduce costs through greater efficiency. The company is also facing significantly increased costs, as well as customer demands for both environmental sustainability and food safety/security.

Company representatives state that in order to remain competitive in the industry, Musco Olives has invested in new machinery and technology that will provide capabilities for improved

processes. Specifically, Musco Olives has purchased and installed a new color sorter as well as a plant-wide data-acquisition system, demand-planning software, performance management software, and trade marketing software. Forklifts are also in the process of being replaced with new units that satisfy improved emission standards.

To maximize these developments, Musco Olives is proposing to train 101 employees in a menu curriculum comprised of a range of occupational skills to meet these challenges and achieve reductions in waste as well as enhancements in efficiencies and overall productivity.

PROJECT DETAILS

Representatives state that training will take place at the company's Tracy facility only. The proposed curriculum contains the following:

Manufacturing Skills training is designed to provide workers involved in production with the skills required for the optimal operation of the company's production lines and equipment. In addition to this production operations and equipment operations training, Manufacturing Skills include training in warehousing and inventory control. This training will be provided to operators, production workers, warehousing-inventory staff, shipping-receiving staff, and related occupations involved in the production, tracking, inventory, and distribution.

Hazardous Materials (HAZMAT) training is designed to provide trainees with knowledge and skills needed for the storage, handling, and transportation, in a safe, reliable, and prudent manner that exceeds the minimal satisfaction of environmental standards for the protection of air, land, and water. The training includes instruction in universal waste management; spill prevention, control, and countermeasures; Hazwoper site work; hazardous waste handling and storage; Department of Transportation manifests; and preparation of hazardous waste management plans. This training will be provided to all occupations involved in materials handling at the plant.

Continuous Improvement – Musco Olive representatives state that food quality is an essential requirement for the company's business. For this reason, training includes instruction in continuous improvement principles designed to address this. Included in this area are the following: 5-S/Lean Program, SQF 2000 systems, good manufacturing practices, food quality training, and related subjects. All occupations are included.

Business Skills training will be provided to managers, supervisors, and leads, as well as selected frontline staff. Training in this area is designed to provide the means for employees to participate more freely in teamwork and teambuilding, and to increase their engagement with their jobs and ultimately reduce employee turnover and enhance retention. Representatives state that the company has determined that this will allow Musco Olives to gain greater strategic insight into the skills and talent among employees and to align these with the company's overall business goals, i.e., greater flexibility, efficiency, and business viability. Instruction will include time management, "bullet proof" process training (primarily to facilitate team participation), performance management, demand planning software, and software for trade promotion.

Commercial Skills – With the acquisition of new forklifts, as well as the need for training in the prevention of food contamination, commercial skills training has been included in the curriculum. Training will include preventive maintenance for forklifts, as well as security training aimed specifically at prevention of contamination. Selected management and frontline personnel will be included.

Commitment to Training

Musco Olives represents that ETP funds will not displace the existing financial commitment to training. Indeed, Musco Olives anticipates that the opportunity for enhanced training made possible by ETP funds will encourage an ongoing financial commitment in this area.

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

Musco Olives states the company's average annual training budget in California over the last three years to be approximately \$143,000.

Temporary to Permanent Hiring

Musco Olives may retain a small number (fewer than 25) of trainees from a temporary staffing agency during which time training would take place. Trainees would be provided ETP training while employed as temporary workers. Training would be provided at Musco Olives's facility in Tracy during normal work hours. Once successful training is completed, the temporary workers would be eligible for regular full time employment by the company.

Musco Olives has used this temporary-to-permanent hiring process for most of the company's existence. Trainees would be enrolled under the ETP contract. Only after trainees have been hired as regular employees by Musco Olives will payment be sought for the training that took place while they were employed by the temporary service. The company will not be eligible for reimbursement until these trainees complete the entire 90 day post-training employment retention period as Musco Olives full-time employees. Due to current economic uncertainties, the addition of new employees may or may not occur during the agreement term; however, the company is requesting that this option remain open.

This pre-employment process, together with the training to be provided under the ETP training program, is designed to provide workers with the skills needed for successful regular full-time, long-term employment at Musco Olives.

RECOMMENDATION

For the reasons set forth above, staff recommends approval of this proposal, as well as of the company's request for possible training outside the state, and of the possible inclusion of training for temporary workers who would become permanent, full-time employees.