

23797

BOARD OF TRUSTEES OF COMMUNITY COLLEGE DISTRICT NO. 508  
County of Cook and State of Illinois

BUILDOUT OF BUILDING 2 & 2A  
FOR MANUFACTURING PROGRAM  
AT OLIVE-HARVEY COLLEGE

THE CHANCELLOR

REPORTS

that a partnership initiative has been presented to City Colleges of Chicago, Olive-Harvey College, by the manufacturing firm, Comau Pico; and

that Comau Pico (CP) is an international leader in high-end manufacturing, one of the first-tier suppliers to be located in the Chicago Manufacturing Campus (CMC) servicing the Torrance Avenue Ford manufacturing plant, and the key provider for pre-employment technical training for the 1,000 + employees to be hired at the CMC; and

that CP has an urgent need for space in which to conduct the pre-employment training, that, in order to meet employer needs, training must begin no later than June 20, 2003, and that CP has requested space at Olive-Harvey College, the closest CCC site to the CMC; and

that, in return, CP will work with Olive-Harvey College to develop ICCB approved curricula and, per a Memorandum of Understanding, vacate the premises upon completion of the pre-employment training in Spring 2004, the state-of-the-art training equipment valued at approximately \$750,000.00 remaining at the College, and work with the College to establish it as a premier provider of contracted post-employment training and a consistent provider of new employees for the CMC and other Chicago manufacturers through regularly scheduled courses for the general public that will also articulate to the manufacturing programs at Daley College; and

that the build-out of Building 2 and 2A at Olive-Harvey college will also result in providing office and classroom space for the College's Truck Driver Training Program; therefore

THE CHANCELLOR

RECOMMENDS

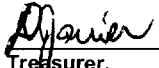
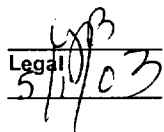

that the facilities planning department get estimates and issue purchase orders to its currently contracted cost-plus contractors (electrical: Universal Electrical, MBE; general mechanical: Delta Heating, WBE) and that the Chancellor enter into an agreement with a general contractor to expedite the construction; and

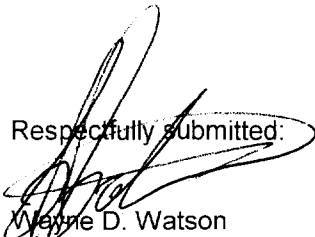
that the cost of the construction is estimated to be \$300,000.00.

FINANCIAL

1999 General Obligation Bond

DISTRICT OFFICE REVIEWS & DATES SIGNED:

Purchasing Date _____	 Treasurer. _____	Legal  5/11/03 _____	Board Office _____
Admin. Svcs. Date _____	 Academic Aff. _____	HR _____	Finance _____
Marketing Date _____	WYCC Date _____		

Respectfully submitted:  
  
Wayne D. Watson  
Chancellor

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**BUSINESS PLAN**

**For the Build-Out of Building 2 & 2A**

**To House Industry-Developed**

**Automotive/Automated Training Programs**

**OLIVE – HARVEY COLLEGE**

**April 29, 2003**

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**EXECUTIVE SUMMARY**

Due to constricted timelines, the City Colleges of Chicago has an opportunity to partner with Comau Pico, the world's largest manufacturer of Automation Systems in the world. Comau Pico has been contracted to provide pre-employment, technical training to new employees of the Chicago Manufacturing Campus, the home of the first-tier supplier for the Ford Motor Company located in Chicago.

Comau Pico's facility at the Campus is not expected to be open for manufacturing purposes until late in the year 2003. Training is to begin, however, by June 2003. Since Olive-Harvey College is located very closely to the CMC, Comau Pico has suggested a partnership. The College would supply space in which Comau Pico could conduct training during the period June 2003 through March/April 2004 and, in return, would leave the training equipment, valued at approximately three-quarters of a million dollars, to the college. Comau Pico would also assist the College in gaining ICCB approval for the training curriculum so that when they vacated the space, the College could conduct both existing and newly developed programs to meet the needs of manufacturing firms both at the Campus and across the Chicagoland area.

There is a documented need for increased technical training programs for the manufacturing sector. Supported by state-of-the-art training equipment and industry-generated and certified curricula, Olive-Harvey College can help meet that need. Contracted training programs; programs supported by vouchers, grants, and other payment mechanisms; as well as regularly scheduled Continuing Education manufacturing training programs that can thereby be conducted will generate revenue above the costs of operating these programs.

Further, funds are available at the District for the build-out of the space but are not available to purchase such equipment. Moreover, the value of the equipment exceeds the cost of building out the required space. With the canceling of the ICCB Advanced Technical Equipment grants for the next fiscal year and Comau Pico's immediate need for training space, now is the only foreseeable time in which the District can leverage these factors to establish itself as a premier provider of high-end, automotive and automated training programs in Chicago. On the other hand, if the District does not take advantage of this opportunity, Comau Pico will simply access space offered by a suburban competitor and CCC will relinquish future training opportunities in this area to that competitor.

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## **BUSINESS DESCRIPTION**

### Industry Overview

Although manufacturing has been on the decline in Illinois for the past three years, many manufacturing job-titles still rank among "Illinois' Top Occupations by Annual Openings 2002-03," with projections for further growth through 2005 (Illinois Department of Employment Security). Some of the current year openings and hourly wages of these "Top Occupations" are listed as follows:

Welders/Cutters, 893 Openings, \$10.04 Entry, \$16.73 Experienced;  
Maintenance/Machine Repair, 818 Openings, \$10.14 Entry, \$18.71 Experienced;  
Production Workers, 3,753 Openings, \$6.83 Entry, \$10.15 Experienced;  
Assemblers/Fabricators, 884 Openings, \$6.24 Entry, \$11.81 Experience;  
Team Assemblers, 980 Openings, \$8.04 Entry, \$14.44 Experienced; and  
Machinists, 529 Openings, \$10.47 entry, \$17.96 Experienced.

Further, while Chicago has lost many of its small manufacturing firms to the suburban strips along the area's excellent expressways, Chicago leads the state in manufacturing. Many of the larger manufacturers remain and this has provided continued business for the smaller companies in the sector. Specifically, the Ford Motor Company manufacturing plant on Torrance Avenue is retooling and expanding to manufacture new "hybrid" gasoline/electric battery automobiles.

Additionally, the Chicago Manufacturing Campus (CMC) is currently being built adjacent to the Ford Plant. The CMC will house from 12 – 15 first tier suppliers to Ford, including such international manufacturing giants as Tower Automotive, ZF Lenforder, and Comau Pico. The CMC will open with an expected 1,000 employees and grow to 1,500 within two years. Chicago's Department of Planning and Development expects the CMC to serve as the "anchor" for the redevelopment of the manufacturing sector in the larger Calumet Industrial Area.

## THE MARKET

One of the barriers to growth in this industry has been the availability of a technically trained workforce. "Crain's Chicago Business" magazine has recently run a series of articles noting the area's need to provide additional trained labor for this sector. The Manufacturing Workforce Development Project (Chicago Federation of Labor, AFL-CIS Workers Assistance Committee & The Center for Labor and Community Research) reported that "The difficulty of finding and hiring sufficient numbers of qualified workers seriously threatens local firms."

An opportunity exists for City Colleges of Chicago to expand its training capacity to meet the need of the manufacturing sector. Currently, City Colleges of Chicago has short-term manufacturing training programs at three sites: Humboldt Park Vocational Education Center, Dawson Technical Center, and West Side Technical Center, with long-term programs at Daley College. None of these programs, however, is focused on automotive manufacturing or located near the Ford manufacturing plant or its Chicago Manufacturing Campus.

Olive-Harvey College is situated within the same general area as the Ford manufacturing plant and its CMC. Olive-Harvey has not previously been involved in manufacturing training, however, and that business has instead gone to two suburban community colleges: Prairie State and South Suburban. A partnership initiative has been presented to City Colleges of Chicago, Olive-Harvey College, to regain that existing market and expand into new, local markets.

One of the first-tier suppliers to be located in the CMC is Comau Pico, an international leader in high-end manufacturing with plants in over 12 countries. In fact, Comau Pico is the largest manufacturer of Automation Systems in the world. Comau Pico is also the primary provider of *pre-employment* technical training for the CMC and will be utilizing specialized, state-of-the-art, modular training equipment to prepare candidates for employment. This equipment, however, cannot be used for large-scale manufacturing; it can only be used for training.

Comau Pico has an urgent need for space in which to conduct the pre-employment training. In order to meet employer needs, training must begin no later than June 20, 2003. Comau Pico has requested space at Olive-Harvey College, the closest CCC site to the CMC, in which to conduct training through Spring of 2004.

In return Comau Pico will work with Olive-Harvey College to develop ICCB approved curricula and, upon completion of the pre-employment training in Spring 2004, will vacate the premises, leaving behind the state-of-the-art training equipment valued at approximately \$700,000.00, and work with the College to establish Olive-Harvey as the

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premier provider of contracted, *post-employment* training for CMC employers, as well as a consistent provider of new employees for the CMC and other Chicago manufacturers through regularly scheduled courses for the general public.

This would establish Olive-Harvey College as City College's fourth short-term provider of manufacturing training, meeting the local needs of the larger Calumet Industrial Sector. The programs thus established would also feed into the longer-term programs at Daley College, thus helping to meet the documented need Chicago employers have for a technically trained workforce in the manufacturing sector.

The market size is considerable and expandable. As noted in the previous section, the lack of trained employees is restricting the growth of the manufacturing sector, a sector identified as one of only four employment sectors (along with Health, Transportation, and Information Technologies) as being key to the economic growth of the city (Chicago World Business). In the specific area training for the automotive manufacturing, the market is estimated to be worth \$8M annually, with approximately half of that being completed in-house and half contract from outside vendors.

Prairie State alone has completed over \$1M in training for the Ford Motor Company in the period 2001-03. Additionally, because CCC does not have a presence in either the geographic or manufacturing sector, Prairie State has consistently received grants from state agencies (previously DCCA and the IMA) to meet the current workforce training needs of Ford. Most recently, a manufacturing H-1B grant was to have been submitted for Chicago without the inclusion of City Colleges of Chicago. Named vendors included only Prairies State and Henry Ford (Michigan) Community Colleges.

If funded, the grant will be worth multiple millions of dollars in training costs. CCC has been added as a named vendor in that grant, but our training expertise has been limited to Information Technologies and ancillary manufacturing programs due to CCC's perceived limited abilities in the automotive manufacturing sector. Establishing Olive-Harvey College as a leader in this sector will expand the training opportunities in this grant for CCC.

Additionally, the Regional Manufacturing Training Collaborative, of which CCC is a member, is submitting a second H-1B grant. This second grant is more widely ranged, including all sub-sections of the manufacturing sector, reflecting the area's growing need for a technically trained workforce. With Olive-Harvey established as a significant trainer in this sector, the opportunity for CCC to capture additional funding through this grant, if funded, will be increased dramatically.

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## DEVELOPMENT AND PRODUCTION

Building 2 and 2A at Olive Harvey College have been cleared and are ready for the space improvements necessary to make the spaces suitable for industrial training. A Board Report will be submitted for the May Board recommending that the facilities planning department obtain estimates and issue purchase orders to its currently contracted cost-plus contractors and a general contractor to expedite the construction. It should be noted that the cost-plus contractors were previously selected through a competitive-bid process.

If approved, all construction can be completed by mid June 2003. Equipment can be wheeled in and secured to the concrete pad floor immediately upon completion of the construction. The first wave of *pre-employment* raining conducted by Comau Pico can begin as early as one week after construction is completed.

The cost of the construction is estimated at ranging from \$200-250,000. However, the Board Report requests permission to access the 1999 General Education Bond up to a maximum of \$300,000. Part of the build-out will also provide additional classroom and office space for the College's existing Truck Driver Training program.

There will limited operational expenses for Building 2 and 2A. A separate system will track Comau Pico's electrical usage and the company will cover that expense. Heat, light, and security are already included in the College's budget. The value of the equipment, now one-year old, will drop to approximately \$500,000 (see Attachment A). However, that is still far in excess of the approximate \$250,000 necessary to build out the space.

Further, the District has no funding source that could purchase the equipment outright. The 1999 General Obligation Bond is, however, available for preparing the space. By accessing those available funds and utilizing them in the manner they are intended to be used, the District can both improve its facilities and gain equipment that would otherwise remain unobtainable.

Once Comau Pico vacates the space, Olive-Harvey College will inherit a training facility already established in the minds of the private sector as the location for automotive and automation systems training in Chicago. The College will also have developed the curriculum for specific programs designed to meet the workforce training needs of from 12 – 15 major manufacturers located in their community. These manufacturers will continue to do business with the College – for as long as program quality remains consistent – rather than to switch their business to suburban trainers located a significant distance from their plants. Moreover, the District's ability to offer competitive training in support of grants, such as the H-1B, and contracted programs, as well as programs eligible for other federal, state, and local funding (such as: WIA Individual Training Accounts, DCEO funding, etc.) will be significantly increased.



## SALES AND MARKETING

The City Colleges of Chicago will develop a two-pronged marketing campaign to familiarize Chicago's manufacturing employers, beginning with the Ford Motor Company and the 12 - 15 employers populating the Chicago Manufacturing Campus, with the world-class training programs, being conducted at Olive-Harvey College; solicit their buy-in to the programs; and sign them up as customers once the College gains full control of the curriculum and the equipment.

The first component of that marketing campaign is to simply leverage the exposure of the training being conducted by Comau Pico and funded by the Mayor's Office of Workforce Development to the College's benefit. All materials produced by Comau Pico or the Mayor's Office will feature "Olive-Harvey College, one of the City Colleges of Chicago," as the site for this high-tech training. All CMC employers will also be familiarized with the College's other facilities and programs during this period. Perhaps WYCC can even do a *special* on the partnership between the city (MOWD), the private sector (CMC), and CCC.

The second prong of the marketing effort will be immediately begin working to gain ICCB approval for an initial limited number of short-term training programs. Once ICCB approval is gained, the programs can be placed on the Workforce Investment Act list of programs authorized to receive Individual Training Accounts (vouchers) through the One-Stop System. Further, such programs are also eligible to receive contracts from MOWD for entire cohorts of students, as has been done with the Truck Driver training program at Olive-Harvey College and the Integrated Systems Technology program at Daley College. Also, as the programs will have ICCB approval, each course will generate state-aid reimbursement for technical courses, the second-highest reimbursement level.

The next step will be to link the Olive-Harvey manufacturing programs to other existing programs at City Colleges of Chicago. In this fashion, multiple funding channels will have been developed prior to the College offering the manufacturing training programs. Area manufacturers will be familiar with the quality of the programs and will have already benefited from their product. Determinations about the approval of either or both manufacturing H-1B grants will be made public about the same time that the College takes possession of the equipment.

During this time, care will be taken to solicit evaluations not only from program completers, but also from the firms that have hired them. CMC employers will be formed into Advisory Boards for the programs, and area associations, such as the Calumet Industrial Council (CIC), will also be included. Through the CIC, area manufacturers will be outreached and provided information on the existing and developing programs at the College, and invited to participate in program development initiatives. Other industrial councils, such as NORBIC, Ravenswood Industrial Council,

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etc., will, by then, also be well advised on the training opportunities provided by Olive-Harvey College. Further marketing assistance will also be provided through the District's existing contacts with the Tooling and Manufacturing Association, the Illinois Manufacturing Association, and the federally funded Chicago Manufacturing Center.

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## MANAGEMENT

The program will be managed through Olive-Harvey's Department of Continuing Education. Dean Shirley Chappell heads up the department, is the District's senior Dean of Continuing Education, and has an excellent track-record in developing new, workforce programs to meet market needs. Dean Chappell spearheaded the development of City College's just praised Truck Driving Training program, certified by the Illinois Department of Transportation, and another example of a workforce program perfectly situated geographically to meet employer's needs.

Under the direction of the College President, Dean Chappell will be ably assisted by Kerry Fortenberry, the College's new Director of Business & Industry Services. Mr. Fortenberry has been working closely with Comau Pico, MOWD, and the other employers in the CMC. He is a known entity to the employers and has already established business relationships with a number of them. Tower Automotive, for example, has recruited on-site and toured the College's facilities and is eager to work with Olive-Harvey.

The College will be assisted at the District through the office of the Associate Vice Chancellor for Workforce Development. The District will assist the College in all possible manners, including management, marketing, sales, and operations. The District will also ensure that the College's manufacturing programs are included with the District's existing manufacturing programs in all centrally submitted grant proposals.

Once the programs are operational and demonstrate growth, a part-time manufacturing coordinator may be needed. If so, this individual must come from the private sector. Excellent candidates may be found among recent retirees from the Ford Motor plant. This individual can be budgeted from the profits generated by the programs.

**FINANCIALS - RISKS AND POTENTIAL INCOME**

The primary risk involved in this partnership is that Comau Pico refuses to sign an agreement to turn over the equipment to the District. Consequently, an agreement between the firm and City Colleges will be required prior to the District engaging any firms for work on Building 2 and 2A. That agreement is already being drafted and passed by the senior management at Comau Pico.

A secondary risk centers on the future of the manufacturing sector in Chicago. This risk is mitigated, however, by the projected demand for hybrid automobiles. This demand is even stronger in the SUV class of automobiles, the type of vehicle for which the Chicago Ford manufacturing plant is being retooled. As a consequence, even if the overall manufacturing sector slumps, the new and current workforce training needs of both Ford and its key suppliers is not expected to diminish.

Our key competitor is Prairie State Community College (PSCC). PSCC has a long established relationship with the Ford Motor Company, but it does not yet have a relationship with Ford's suppliers. On the other hand, City Colleges of Chicago is establishing a professional relationship with the suppliers through our current WorkKeys Job profiling and potential employee assessment program. CCC has already completed 7 of 20 contracted job profiles for the suppliers and has completed assessments of over 500 potential employees. The companies involved are extremely pleased with the results and, to date, have reached all their local hiring goals through this process.

CCC can leverage this existing good will to support the continuation of the relationship into contracted training programs. Additionally, CCC benefits from geography as the College is located at the back-door of the Chicago Manufacturing Campus whereas PSCC is located distant from the Campus. Working with the suppliers will also provide CCC with increased access to training opportunities with the Ford Motor Company. At the same time, however, CCC will cede this market to PSCC for the foreseeable future if it does not now take advantage of Comau Pico's urgent need for space in which to conduct these initial rounds of automotive and automated training programs.

Earnings potentials are estimated at approximately \$150,000 annually from the larger Calumet Industrial Area alone during the first year the program is under the College's control. This figure was developed by MOWD and is based on the expected volume of training needed by the employers located in the CMC. If either of the Manufacturing H-1B grants is funded, that total would rise to a minimum of \$500,000.

However, without consideration of H-1B funding, growth opportunities for training in the manufacturing sector in this area should remain stable at \$200-250,000 annually, once the programs are established. This figure is based on an average price of

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approximately \$15,000 per program (\$1,000 per participant/15 participants), requiring approximately 16 such programs be conducted per year. As the Ford manufacturing plant is a neighbor of the College, as is also the CMC with its 12 – 15 manufacturers, and the Calumet Industrial Area is the home of over a dozen other manufacturers, this is a reasonable performance goal.

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## ATTACHMENT

Item	Model No	Classification	Equipment	Qty
<b>Amatrol Equipment</b>				
1	85-MT5	Electrical	Electric Motor Control System	4
2	WTC72L		Mobile Workstation	4
3	85-MT5-C	Electrical	Variable Frequency AC Drive System	4
4	85-MT5-A	Electrical	Motor Braking System	4
5	85-MT5-D	Electrical	Electronic Sensors Package	4
6	613-43	Electrical	Prony Brake	4
7	850-C1	Fluid Power Sys	Controls Technology System with Basic Hydraulics and Basic Pneumatics	4
8	79-104	Fluid Power Sys	Hydraulics Maintenance Bench	1
9	85-HPS	Fluid Power Sys	Hydraulic Power Supply	1
10	85-IH	Fluid Power Sys	Intermediate Hydraulics	2
11	85-IP	Fluid Power Sys	Intermediate Pneumatics System	2
12	85-AH	Fluid Power Sys	Advanced Hydraulics System	2
13	85-AP	Fluid Power Sys	Advanced Pneumatics System	2
14	950-PM1	Mechanical Sys	Pump Systems 1	1
15	WTC72L		Mobile Workstation	1
16	95-PM1-A	Mechanical Sys	Multiple Pump System	1
17	95-PM1-C	Mechanical Sys	Diaphragm Pump System	1
18	95-PM1-E	Mechanical Sys	Piston Pump System	1
19	95-PM1-F	Mechanical Sys	Gear Pump System	1
20	T9013-P1	General Process	Industrial Plastics Center	1
21	WTC72L		Mobile Workstation	1
22	T9013-P2	General Process	Injection Molding Module	1
23	94-QC-1	General Process	Quality Assurance 1 Unit	1
24	MMW-6SP		Multimedia Workstation	1
25	I7260-SP		Instructor Multimedia Workstation	1

**Denford Equipment**

#REF!	000902		* Triton Level One Package	1
#REF!	395008		* Novaturn CNC Lathe with 8 Station Toolchanger	1
#REF!	100107		* Novaturn Complete External Tool Package	1
#REF!	100108		* Novaturn Complete Internal Tool Package	1
#REF!	160946		* Machine Bench (Mobile)	1
#REF!	411006		* CNC Machining Level 1 Lathe Projects Book	10
#REF!	536110		* VR CNC Turning 10 Pack	1
#REF!	102148-2		* Aluminum Billet - 1" x 3"	50
#REF!	S337001K		* Mill Cam Designer Site License	1
#REF!	S332001K		* Lathe Cam Designer Site License	1
#REF!			CNC Workstation with Computer and Chair	10