Training Proposal for:

Ralphs Grocery Company

Agreement Number: ET15-0445

Panel Meeting of: May 21, 2015

ETP Regional Office: North Hollywood

Analyst: M. Webb

PROJECT PROFILE

<table>
<thead>
<tr>
<th>Contract Attributes:</th>
<th>Industry Sector(s):</th>
<th>Goods Movement Retail Warehousing</th>
</tr>
</thead>
<tbody>
<tr>
<td>SET Retraine HUA</td>
<td>Priority Industry: Yes No</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Counties Served:</th>
<th>Repeat Contractor:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Los Angeles, Riverside</td>
<td>Yes No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Union(s):</th>
<th>Contractor:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes No Teamsters Local Union No. 572 &amp; International Union of Operating Engineers Local 501</td>
<td>Yes No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of Employees in:</th>
<th>CA: 12,354</th>
<th>U.S.: 150,315</th>
<th>Worldwide: 150,315</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Turnover Rate:</th>
<th>8%</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Managers/Supervisors: (% of total trainees)</th>
<th>4%</th>
</tr>
</thead>
</table>

FUNDING DETAIL

Program Costs - (Substantial Contribution) (High Earner Reduction) = Total ETP Funding

<table>
<thead>
<tr>
<th>$424,650</th>
<th>$0</th>
<th>$0</th>
</tr>
</thead>
</table>

In-Kind Contribution: 100% of Total ETP Funding Required

<table>
<thead>
<tr>
<th>$639,688</th>
</tr>
</thead>
</table>
## TRAINING PLAN TABLE

<table>
<thead>
<tr>
<th>Job No.</th>
<th>Job Description</th>
<th>Type of Training</th>
<th>Estimated No. of Trainees</th>
<th>Range of Hours</th>
<th>Average Cost per Trainee</th>
<th>Post-Retention Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Retraine SET</td>
<td>Business Skills, Computer Skills, Continuous Improvement, HazMat, Management Skills, PL-Computer Skills</td>
<td>485</td>
<td>8-200 0</td>
<td>$810</td>
<td>$27.40</td>
</tr>
<tr>
<td>2</td>
<td>Retraine SET HUA</td>
<td>Business Skills, Computer Skills, Continuous Improvement, HazMat, Management Skills, PL-Computer Skills</td>
<td>40</td>
<td>8-200 0</td>
<td>$795</td>
<td>$15.97</td>
</tr>
</tbody>
</table>

**Minimum Wage by County:** Job Number 1 (SET/Statewide): $27.40 per hour; Job Number 2 (HUA): $15.97 per hour in Los Angeles County, and $15.07 in Riverside 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 Up to $7.51 per hour may be used to meet the Post-Retention Wage in Job Number 1.

### Wage Range by Occupation

<table>
<thead>
<tr>
<th>Occupation Titles</th>
<th>Wage Range</th>
<th>Estimated # of Trainees</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>JOB NUMBER 1</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Warehouse Staff</td>
<td>313</td>
<td></td>
</tr>
<tr>
<td>Managers/Leads</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>Maintenance Staff</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Drivers</td>
<td>135</td>
<td></td>
</tr>
<tr>
<td><strong>JOB NUMBER 2</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Warehouse Staff</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Managers/Leads</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Maintenance Staff</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Drivers</td>
<td>15</td>
<td></td>
</tr>
</tbody>
</table>
INTRODUCTION

Founded in 1873, Ralphs Grocery (Ralphs), a subsidiary of The Kroger Company (ET15-0443), is a supermarket chain located in the Southern California region. Alongside its supermarkets, Ralphs also operates four distribution centers located in the cities of Compton, Riverside, Los Angeles, and Paramount. All four distribution locations will participate in training under this Agreement. [Note: The Ralphs Compton facility operates as both a retail grocery store and distribution center.]

PROJECT DETAILS

Ralphs implemented two new software programs for its logistic division: an automated order fulfillment system (Witron), and a management application program (DC1C). Warehouse Staff and Drivers will participate in Computer Skills and Productive Lab training to operate both systems to complete work orders.

Each year post-and-bid takes place for represented employees to apply for new positions within the Company. These changes impact all departments and create an on-going need for cross training and Lean Process. Training in Business and Management Skills will also be provided to improve communication, customer service skills, and product knowledge.

Training Plan

Ralphs recognizes that a well trained workforce is critical to their success. As a result, the Company has developed curriculum to improve job performance and increase productivity.

Business Skills (25%): Training will be offered to all occupations to increase employee customer service, problem solving, and communication skills.

Management Skills (5%): Training will be offered to Managers to improve leadership skills and learn new management techniques.

Computer Skills (10%): Training will be offered to Warehouse Staff and Drivers to learn to independently utilize software programs designed to manage inventory and schedule delivery times.

Continuous Improvement (50%): Training will be offered to all occupations to improve job performance and increase efficiency. Courses include Process Improvements, Pricing Strategies, and Sustainability.

Productive Laboratory (10%)

The Panel recently adopted regulations to authorize reimbursement for training delivered in a Productive Laboratory (PL) setting. PL trainees may produce goods for profit as part of the training in the courses identified under the Curriculum. The instructor must be dedicated to training delivery during all hours of training, and special attendance rosters will be used to assist in monitoring.

PL training in Computer Skills will be delivered to 60 Drivers and Warehouse Workers at the Compton and Riverside facilities. These workers require hands-on experience to program automated machinery such as cranes, conveyors, and sorting systems to stock and store products that are distributed to Ralphs’ supermarkets throughout Southern California. Trainees will be trained and monitored by experienced operators to ensure they understand programming procedures and are able to complete duties independently.
All PL training is assessed and critiqued by the trainer. Following trainer instruction, tasks are assigned to the trainee and must be completed while the trainer observes and evaluates trainee performance. The trainer will then determine if the trainee mastered techniques and procedures successfully. The trainer-to-trainee ratio for PL Training will be 1:1 and the maximum number of hours will be 40, consistent with Panel Standards.

**Certified Safety Training**

**Hazardous Materials (HAZMAT).** This training is also a series of courses, specific to industry sectors involved in the transport of hazardous materials. The coursework varies in length depending on the industry and the occupational title, as organized in five levels ranging from “first responder” to “incident commander.” It is generally a minimum of 24 hours with an 8-hour annual refresher, and may be delivered by classroom or CBT. In this proposal, Maintenance Staff will receive up to 24 hours of HAZMAT training. Field training may be required, although not funded by ETP. Completion of the training results in a certificate that expands employment opportunities. This coursework is not under Cal-OSHA, but is administered under the Department of Transportation and CalTRANS. There are various certification entities for the coursework and instructors. In this proposal, certification is by the Ammonia Safety & Training Institute (ASTI).

**Commitment to Training**

Ralphs spends approximately $107,461 annually in training at all four locations included in this agreement. The Company will continue to deliver training such as new-hire orientation, safety training, and other mandated training outside of this project.

Ralphs represents that ETP funds will not displace the existing financial commitment to training. Safety training is provided in accordance with all pertinent requirements under state and federal law.

- **Training Infrastructure**

  The Company has hired Tax Credit Company to aide in the administration of the ETP program. The HR department located at the Compton facility will be responsible for the overall administration of this project. HR representatives from each location will assist in scheduling, collecting, and submitting training records to project staff.

**Green/Clean Operations**

Ralphs is committed to green technology and continues to invest in new methods to increase sustainability. The Company recently spent approximately $2 million dollars to transition 40 Reefer Units on trailers from diesel to electronic. Electric charging infrastructures have also been installed at the Compton and Riverside distribution centers.

**Other Resources**

Ralphs is taking advantage of Enterprise Zone hiring tax credits and receives approximately $9 million.
SET/HUA

Under Special Employment Training (SET), companies are not required to demonstrate out-of-state competition. To qualify under SET, trainees must be earning at least the statewide average hourly wage at the end of the retention.

The 40 trainees in Job Number 2 work at the Compton and Riverside facilities, located in Los Angeles and Riverside County, both are designated High Unemployment Area (HUA) with unemployment exceeding the state average by at least 25%. These HUA trainees qualify for the 2015 ETP Minimum Wage of $15.97 for Los Angeles County and $15.07 for Riverside County rather than the statewide average hourly wage of $27.40. Ralphs has requested this wage modification.

RECOMMENDATION

Staff recommends approval of this proposal.

DEVELOPMENT SERVICES

Ralphs retained Tax Credit Co. in Los Angeles to assist with development of this proposal for a flat fee of $21,250.

ADMINISTRATIVE SERVICES

Ralphs also retained Tax Credit Co. to perform administrative services in connection with this proposal for a fee not to exceed 10% of payment earned.

TRAINING VENDORS

N/A
Exhibit B: Menu Curriculum

Class/Lab Hours

8-200

Trainees may receive any of the following:

**BUSINESS SKILLS**

- Communication Skills
- Conflict Management
- Customer Service Skills
- Interpersonal Skills
- Inventory Control
- Problem Solving
- Product Knowledge

**COMPUTER SKILLS**

- Programming
  - People Net System-On Board Computer
  - Receiving-Auto Infeed Computer
  - Witron Automation System

**CONTINUOUS IMPROVEMENT**

Logistics Division

- Behavior Risk Improvement
- Cross Training
- Crown Lift Training
- Effective Feedback
- Equipment Training
- Fork Lift Training
- Lean Process Techniques
- Order Selection
- Pallet Jack
- Process Improvements-Witron Automation System
- Standard Operating Procedure Training
- Transport Procedures
- WIN System

**HAZMAT**

- 8 Hour Ammonia Response Training
- 24 Hour Ammonia Response Training
- Hazardous Waste Identification and Handling
**MANAGEMENT SKILLS (Managers Only)**

- Coaching
- Communication
- Effective Feedback
- Leadership
- Team Building

Safety Training cannot exceed 10% of total training hours per-trainee
*(This cap does not apply to Hazmat)*

**Productive Lab Hours (1:1 Ratio)**

0-40

**COMPUTER SKILLS**

- Programming
  - People Net System-On Board Computer
  - Receiving-Auto Infeed Computer
  - Witron Automation System

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery. PL is capped at 40 total training hours per trainee.
March 31, 2015

Brian Broad, Chairperson
Employment Training Panel
1100 J Street, Fourth Floor
Sacramento, CA 95814

Re: Kroger/Ralphs/Food4less: Application for ETP Training

Dear Mr. Broad:

I am writing on behalf of Teamsters Local Unions in Southern California. These Local Unions represent warehouse workers and drivers employed at Kroger/Ralphs/Food4less warehouses. We support the application for training funding submitted to the Employment Training Panel by these companies. We believe that this funding will assist our members to upgrade and improve their skills in an evolving work environment.

Please contact me at the address cited above if you need further information.

Sincerely,

Rick Middleton
Chairman, Southern California Grocery Locals
RM:lbg
February 17, 2015

Mr. Stewart Knox  
Executive Director  
Employment Training Panel  
1100 J. Street, 4th Flcor  
Sacramento, CA 95814

Dear Mr. Knox,

The International Union of Operating Engineers Local 501 is writing in support of Employment Training Panel funding to be provided to the Kroger Compton Creamery located at 1100 W. Artesia Blvd., Compton, CA 90220-5448 for their Manufacturing Division.

If you should have any questions concerning the above, I can be reached at (213) 385-1561 ext. 147.

Sincerely,

Michael Davis  
Business Representative  
IUOE LOCAL 501

MD/lc

c: Edward J. Curly