DELEGATION ORDER

RETRAINEE - JOB CREATION

Training Proposal for:


Agreement Number: ET17-0316

Approval Date: December 14, 2016

ETP Regional Office: Sacramento  Analyst: D. Jordan

PROJECT PROFILE

<table>
<thead>
<tr>
<th>Contract Attributes:</th>
<th>HUA Job Creation Initiative</th>
<th>Industry Sector(s):</th>
<th>Construction Services</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Priority Rate</td>
<td>Priority Industry:</td>
<td>Yes ☑   No ☐</td>
</tr>
<tr>
<td></td>
<td>SET Veterans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Counties Served:</td>
<td>San Joaquin, Fresno, Sonoma</td>
<td>Repeat Contractor:</td>
<td>Yes ☑   No ☐</td>
</tr>
<tr>
<td>Union(s):</td>
<td>Plumbers and Pipefitters 62, 38, 246, 343, 403, 442, 447, 467; Heat and Frost Insulators 16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Employees in:</td>
<td>CA: 125</td>
<td>U.S.:146</td>
<td>Worldwide: 146</td>
</tr>
<tr>
<td>Turnover Rate:</td>
<td>17%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managers/Supervisors:</td>
<td>1%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

FUNDING DETAIL

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

|                        | $76,572 | $0   | $0   | $76,572 |

In-Kind Contribution: 100% of Total ETP Funding Required  $295,697
**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>Retraineet SET Priority Rate</td>
<td>Business Skills, Commercial Skills, Computer Skills, Continuous Impr, HazMat, PL-Comm Skills</td>
<td>16</td>
<td>8 - 200</td>
<td>0</td>
<td>$630</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Weighted Avg: 35</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Retraineet HUA Priority Rate SET</td>
<td>Business Skills, Commercial Skills, Computer Skills, Continuous Impr, HazMat, PL-Comm Skills</td>
<td>94</td>
<td>8 - 200</td>
<td>0</td>
<td>$594</td>
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<td>Weighted Avg: 33</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Retraineet Job Creation Initiative HUA SET Priority Rate</td>
<td>Business Skills, Commercial Skills, Computer Skills, Continuous Impr, HazMat, PL-Comm Skills</td>
<td>9</td>
<td>8 - 200</td>
<td>0</td>
<td>$700</td>
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<td>Weighted Avg: 35</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Retraineet HUA Priority Rate SET</td>
<td>Business Skills, Commercial Skills, Computer Skills, Continuous Impr, HazMat, PL-Comm Skills</td>
<td>6</td>
<td>8 - 200</td>
<td>0</td>
<td>$726</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Weighted Avg: 33</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*It will be made a condition of contract that the trainees in this Job Number will never be paid less than the State or local minimum wage rate as in effect at the end of retention regardless of the wage expressed in this table. The highest minimum wage rate will prevail.

**Minimum Wage by County:**

- **Job Numbers 1:** (SET/Priority Industry) $21.28 per hour for Sonoma County;
- **Job Number 2:** (SET/HUA/Priority Industry) $11.70 per hour for San Joaquin and Fresno Counties;
- **Job Number 3:** (SET/HUA/Priority Industry) $10.00 per hour for San Joaquin and Fresno Counties;
- **Job Number 4:** (SET/HUA/Priority) $15.60 per hour for San Joaquin and Fresno Counties

**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 $2.28 per hour may be used to meet the Post-Retention Wage for 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>Engineers Drafters</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Project Management P1</td>
<td></td>
<td>1</td>
</tr>
</tbody>
</table>
INTRODUCTION

Process Cooling International, Inc. dba Applied Process Cooling Corp. (APCCO) (www.apcco.net), was established in 1981 and is headquartered in Modesto. APCCO provides specialized design, installation, service, support, and conceptual problem-solving of industrial refrigeration systems. These systems are used in the food and beverage industry including winery, cold storage, food freezing, poultry processing, juice processing, bottling plant, fruit pre-cooling, and food processing facilities.

PROJECT DETAILS

This will be APCCO’s fourth ETP Agreement in the last five years. Training in the previous Agreement focused on expanding into the wine industry through new marketing strategies and processes. Some duplicate courses will be offered under this proposal, but only to trainees who
did not participate in the previous Agreement or it will be at an advanced level such that training will not be duplicated.

To remain competitive, APCCO must increase productivity, modernize communication, streamline processes and improve technical skills up to industry standards. To do this, the Company will be implementing a new Enterprise Resource Planning (ERP) system: ERP/Vista.

Additionally, recent growth has led to the hiring of new employees and incumbent employees taking on new roles and responsibilities. Training is especially critical given the Company's difficulty in recruiting experienced journeymen and qualified workers.

**Retraineep - Job Creation**

The Panel offers incentives to companies that commit to hiring new employees. Training for newly-hired employees will be reimbursed at a higher rate and trainees will be subject to a lower post-retention wage.

APCCO will be expanding existing business capacity by adding newly hired employees. The Company has committed to hiring 9 new employees (Job Number 3). The date-of-hire for trainees will be within the three-month period before contract approval or within the term-of-contract. Trainees will be hired into “net new jobs” as a condition of contract.

**Training Plan**

Training will be delivered by in-house subject matter experts.

**Business Skills** (20%): Training will be offered to all occupations. Training will focus on cross-training, communication, and ERP/Vista implementation. Training will improve communication within departments and with customers.

**Commercial Skills** (20%): Training will be offered to all occupations. Trainees will receive training on intermediate refrigeration system processes. Skills will help employees build better products.

**Computer Skills** (35%): Training will be offered to all occupations. Training will focus on ERP/Vista software training. However, training on additional engineering, project management, and business management software will be offered. These skills will help employees navigate business-critical software.

**Continuous Improvement** (5%): Training will be offered to all occupations. Training will include advanced leadership, teambuilding, strategic planning, and critical thinking. Trainees will learn how to work together to complete tasks.

**Hazardous Materials** (5%): Training will be offered to all occupations except Administrative and Sales Staff. Staff will receive training on procedures that will exceed Federal and State safety requirements for handling hazardous materials.

**Productive Laboratory** (10%)  

Productive Laboratory (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.
APCCO has Technicians with various skill levels and some that are completely new to the industry. Training in PL Commercial Skills is necessary to bring them up to a consistent and standardized skill level. The Company will offer up to 24 hours of PL, with a 1:2 trainer-to-trainee ratio. Since the work is highly technical in nature, tasks are completed by two or more workers. This will also allow trainees to work in pairs and learn from each other. PL will supplement Class/Lab. Training will be delivered by experienced Journeyman or Foreman Technicians with more than 10 years’ experience in the industry.

**HUA/SET**

Under SET, the participating employer is 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 period. Trainees employed in a priority industry may qualify for a SET wage modification of up to 25% below the statewide average hourly wage, from $28.37 to $21.28 per hour. The wage modification is requested for trainees in Job Number 1.

The 106 trainees in Job Numbers 2-4 work in San Joaquin and Fresno Counties, High Unemployment Areas (HUA) with unemployment exceeding the state average by 25%. These trainees qualify for the ETP Standard Minimum Hourly Wage instead of the SET Statewide Average Hourly Wage. Further, the Panel may reduce the ETP Standard Minimum Hourly Wage for these trainees by up to 25% if post-retention wages exceed start-of-training wages.

This wage modification is requested for Job Number 2, from $15.60 to $12.00; and for Job Number 3, from $12.77 to $12.00. [Note: Job Number 4 trainees will qualify at the ETP Standard Minimum Hourly Wage.]

**Commitment to Training**

APCCO spends $90,000 on training per facility annually. Current and past training provided to employees include all state and federal mandated training. This training includes sexual harassment prevention, global harmonized system hazard awareness, weekly safety tailgates, blood-borne pathogens, first aid, CPR, Lock Out Tag Out, accident reporting, emergency evacuation, fall protection, respiratory protection, safety inspections, hearing conservation, fire prevention, heat illness and prevention, and machine guarding.

ETP funds will not displace APCCO’s existing financial commitment to training. Safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

➢ **Training Infrastructure**

APCCO’s Human Resources Director will administer the training program along with help from the Human Resources Assistant.

**Veterans Program**

The Panel has established a higher reimbursement rate and other incentives for training California veterans. Higher support costs are also available to reach participants for this program. APCCO is committed to employing Veterans.
Union Support

All trainees are represented unions: the Plumbers and Pipefitters 62, 36, 246, 343, 403, 442, 447, and 467 Union as well as the Heat and Frost Insulators 16 Union. Letters of support have been received from these unions.

RECOMMENDATION

Staff recommends approval of this proposal.

PRIOR PROJECTS

The following table summarizes performance by APCCO under an ETP Agreement that was completed within the last five years:

<table>
<thead>
<tr>
<th>Agreement No.</th>
<th>Location (City)</th>
<th>Term</th>
<th>Approved Amount</th>
<th>Payment Earned $</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>*ET14-0295</td>
<td>Modesto, Sanger, Windsor</td>
<td>01/25/2014-01/24/2016</td>
<td>$131,820</td>
<td>$75,269</td>
<td>57%</td>
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<tr>
<td>ET13-0198</td>
<td>Modesto, Sanger, Healdsburg, Belmont</td>
<td>10/18/2012–12/31/2013</td>
<td>$46,800</td>
<td>$36,322</td>
<td>78%</td>
</tr>
<tr>
<td>ET11-0221</td>
<td>Modesto, Sanger, Healdsburg, Belmont</td>
<td>04/18/2011-04/17/2012</td>
<td>$44,286</td>
<td>$36,690</td>
<td>87%</td>
</tr>
</tbody>
</table>

*ET14-0295: APCCO did not perform as expected because resources had to be allocated to opening two new divisions, restructuring other divisions, and making management changes. Additionally, once these changes were completed, the Company experienced significant growth with increased marketing and business development.

The Company’s performance in the previous Agreement was due to a combination of unforeseen events decreasing resources and time to move ahead with the training plans. The Company is confident that this proposal will be successful since it performed well in two previous Agreements (ET11-0221 and ET13-0198) and is well versed in successful implementation of ETP-funded training.
Exhibit B: Menu Curriculum

Class/Lab Hours
8-200  Trainees may receive any of the following:

**BUSINESS SKILLS**
- Process & Product Cross Training
- Communication Skills
- Marketing Processes
- Sales Processes
- Project Management
- ERP/Vista Implementation

**COMMERCIAL SKILLS**
- Welding Processes
- Intermediate Welding Processes
- Lift Training
- Refrigeration System Troubleshooting
- Intermediate Refrigeration System Troubleshooting
- Mechanical Processes Intermediate
- Intermediate Mechanical Processes
- Refrigeration System Servicing Processes
- Intermediate Refrigeration System Servicing Processes
- Tagging/Labeling
- Engineering Process

**COMPUTER SKILLS**
- Adobe Professional Suite
- Intermediate/Advanced Microsoft Project
- Intermediate/Advanced Microsoft Suite
- WEN Pipe and Labor Estimating
- AutoCAD MEP
- Business System
- ERP/Vista Software
- 3D/Revit Software

**CONTINUOUS IMPROVEMENT**
- Team Building
- Strategic Planning
- Leadership
- Critical Thinking
- Management

**HAZARDOUS MATERIALS**
- Basic Ammonia Handling and Precautions
- Intermediate Ammonia Handling and Precautions
- Lock Out and Tag Out
- Confined Space
PL Hours
0-24

COMMERCIAL SKILLS (must not exceed 1:2 trainer-to-trainee ratio)
- Compressor Rebuild Processes
- Ammonia System Pumpdown Processes
- Ammonia Systems Retrofits/Upgrades

Safety Training will be limited to 10% of total training hours per-trainee.

Note: Reimbursement for retraining is capped at 60 total training hours per trainee, regardless of the method of delivery.
August 11, 2016

Dear Sirs,

I’m writing to verify that Local 62 is a DAS registered training facility. We are part of Pipe Trades District Council #36 Plumbers, Pipe and Refrigeration Fitters Apprentice and Journeyman Training Trust. Our DAS File number is 00061. Our Dept. of Labor Program ID number is CA000070052.

Applied Process Cooling Corporation is signatory with our District Council and is authorized to provide union training.

If you have any questions, please contact me at the number below.

Stephen Cry
Training Coordinator Local 62
831-633-6091
stephen@pipetrades62.com
August 31, 2016

TO WHOM IT MAY CONCERN:

U.A. Local 38 provides its signatory contractors with the most highly trained and skilled plumbers, pipefitters, HVAC technicians and welders in the industry.

Applied Process Cooling Corporation (APCCO) is a signatory contractor which employs members from Local 38. At times the opportunity comes along for APCCO to supplement their employees’ and our members’ training in addition to the training Local 38 provides for them. When that opportunity arises, California’s Employment Training Panel funding would be a great help for APCCO to help offset their costs of supplemental training for their employees and our members.

If you need additional information, contact me at 415.626.2000.

Sincerely,

LARRY MAZZOLA, JR.

LMJR/la
opeiu-afl-cio (19)
August 16, 2016

To Whom It May Concern:

Applied Process Cooling Corporation is a signatory contractor with our union and has provided long-term employment and job opportunities to many of our members over the years and continue to do so today.

As a union, U.A. Local #246 takes pride in developing and maintaining a professional and highly skilled workforce in the plumbing, pipe fitting, and refrigeration/HVAC trades. We believe that unions and contractors working together and investing in our members/employees is the pathway to growth and success in everyone.

Therefore, we support Applied Process Cooling Corporation in its dedication to provide supplemental job training to its employees and encourage you to facilitate its efforts.

Sincerely,

Danny Wright
Business Manager
Plumbers, Pipe, & Refrigeration Fitters
U.A. Local #246
August 24, 2016

APCCO
4812 Enterprise Way
Modesto, CA 95356

Attn: Kim Mans

Dear Ms. Mans:

We at the Plumbers and Steamfitters U.A. Local 343 believe our members should be as highly skilled as possible and the best trained in the industry. Applied Process Cooling Corporation is a signatory contractor and has the opportunity to train their employees (who are also members) in some areas that are in addition to what we at the Union would normally provide. Therefore, we feel this would be a great advantage for our members.

If you should need any additional information, please feel free to contact me at (707) 644-4071.

Sincerely,

[Signature]

Steven B McCall
Business Manager

SBM:pb
To Whom It May Concern,

We at the Plumbers & Pipefitters U.A. Local 403 believe our members should be highly skilled as possible and the best trained in the industry. Applied Process Cooling Corporation is a signatory contractor and has the opportunity to train their employees (who are members) in some areas that are in addition to what we at the Union would normally provide. Therefore, we feel this would be a great advantage for our members.

If you should need any additional information please feel free to contact me at the office at (805) 543-2416.

Sincerely,

[Signature]

Jeff Thomas
Business Manager, Local Union 403
To Whom It May Concern,

We at the Plumbers & Pipefitters U.A. Local 442 believe our members should be as highly skilled as possible and the best trained in the industry. Applied Process Cooling Corporation is a signatory contractor and has the opportunity to train their employees (who are also members) in some areas that are in addition to what we at the Union would normally provide. Therefore, we feel this would be a great advantage for our members.

If you should need any additional information please feel free to contact me at (209) 338-0751.

Sincerely,

William F. Taylor
Business Manager

WFT:pt
afclio/opeiu 29
August 29, 2016

To Whom It May Concern:

We at the Plumbers & Pipefitters U.A. Local 447 believe our members should be as highly skilled as possible and the best trained in the industry. Applied Process Cooling Corporation is a signatory contractor and has the opportunity to train their employees (who are also members) in some areas that are in addition to what we at the Union would normally provide. Therefore, we feel this would be a great advantage for our members.

If you should need any additional information please feel free to contact me at (916) 338-0751.

Sincerely,

[Signature]

Aaron Stockwell
Financial Secretary &
Business Manager

Encl.

ATS:jh
opetu#29/afl-cio
To Whom it may concern

UA Local 467 trains and maintains a highly skilled workforce of Plumbers, Pipefitters and HVACR Service technicians. We recognize that Applied Process Cooling Corporation is a signatory contractor who regularly trains our members in their employ in procedures and specialty equipment beyond our normal training scope. We believe this benefits both APPCO and our members and endorse this practice.

If I can be of any further assistance please call.

Sincerely,

Chris Collins
Business Agent II
August 15, 2016

To Whom It May Concern,

We at the Heat & Frost Insulators, Local 16, believe our members should be as highly skilled as possible and the best trained in the industry. Applied Process Cooling Corporation is a signatory contractor and has the opportunity to train their employees (who are also members) in some areas that are in addition to what we at the Union would normally provide. Therefore, we feel this would be a great advantage for our members.

If you should need any additional information please feel free to contact me at (707) 748-1616.

Sincerely,

Mel Breshears
Business Manager
UNITED ASSOCIATION OF JOURNEYMEN AND APPRENTICES OF THE PLUMBING AND PIPE FITTING INDUSTRY
LOCAL UNION NO. 38
1621 MARKET STREET • SAN FRANCISCO, CA 94103

August 31, 2016

TO WHOM IT MAY CONCERN:

U.A. Local 38 provides its signatory contractors with the most highly trained and skilled plumbers, pipefitters, HVAC technicians and welders in the industry.

Applied Process Cooling Corporation (APCCO) is a signatory contractor which employs members from Local 38. At times the opportunity comes along for APCCO to supplement their employees’ and our members’ training in addition to the training Local 38 provides for them. When that opportunity arises, California’s Employment Training Panel funding would be a great help for APCCO to help offset their costs of supplemental training for their employees and our members.

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Sincerely,

LARRY MAZZOLA, JR.

LMJR/la
opeiu-afl-cio (19)
August 16, 2016

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As a union, U.A. Local #246 takes pride in developing and maintaining a professional and highly skilled workforce in the plumbing, pipe fitting, and refrigeration/HVAC trades. We believe that unions and contractors working together and investing in our members/employees is the pathway to growth and success in everyone.

Therefore, we support Applied Process Cooling Corporation in its dedication to provide supplemental job training to its employees and encourage you to facilitate its efforts.

Sincerely,

[Signature]

Danny Wright  
Business Manager  
Plumbers, Pipe, & Refrigeration Fitters  
U.A. Local #246
August 24, 2016

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4812 Enterprise Way
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Sincerely,

[Signature]

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Sincerely,

[Signature]

William F. Taylor
Business Manager

WFT:pt
aflcio/opeiu 29
August 29, 2016

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Sincerely,

Aaron Stockwell
Financial Secretary &
Business Manager

Encl.

ATS:jh
opetu#29/afl-cio
August 11, 2016

To Whom it may concern

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Business Manager