



Absolute Performance...

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September 30, 2019

(Sent via electronic mail to ejortega@iid.com)

Mr. Erik J. Ortega
President of Imperial Irrigation District Board of Directors
333 East Barioni Blvd.
Imperial, California 92251

Re: Imperial Irrigation District Board's Consideration of Project Labor Agreements

Dear Mr. Ortega:

I am writing on behalf of Irby Construction Company to follow up on the Imperial Irrigation District Board Meeting held on September 24, 2019, and, in particular, on the IID Board's consideration of the use of project labor agreements ("PLAs") for work on IID matters. Our company has had a long-term relationship with IID and has performed numerous projects in a safe, reliable, and cost-effective way. This partnership has resulted in a number of employees trained by IRBY eventually going to work for IID. We are concerned that the proposed use of PLAs would undermine this partnership that IID has developed with Irby and with several other highly-qualified providers, raise IID's costs without any corresponding increase in value to IID, and achieve none of the goals that proponents have offered for the use of PLAs. We urge the Board to carefully evaluate how mandating PLAs will impact IID's operations and cost, and to fully consider whether the alleged benefits of PLAs are worth the near-certain disruption to IID's long-standing relationships with Irby and other providers.

Irby's uninterrupted and continuous experience in working on the IID system since 1985 has enabled the company to provide excellent, cost-effective, and high quality service to IID on a wide array of projects. Over the years, Irby crews have completed or expanded many substations and transmission lines vital to the integrity of IID's electrical grid: Midway, Highline, Avenue 42, Dogwood, New Jackson, Shadow Hills, Fred Waring, Shields, Ramon, Jefferson, North La Quinta, KN-KS Line, and L Line. Although we are not privy to the pricing proposals on all jobs, we believe our bids have been extremely competitive, and among the lowest competent ones on critical projects, including L-Line Relocation, CI Line Upgrades, and CS Line Upgrades.

While the terms of any PLA would need to be considered carefully, we suspect that use of such agreements could make it difficult for Irby to continue working with IID. Irby employees, for

example, have repeatedly decided that they wish to remain non-union, and Irby has found that its customers appreciate the accompanying competitive cost structure and operating flexibility. If IID required the use of PLAs that prevented contractors like Irby from bidding unless they operated as “union shop” businesses, we strongly doubt that Irby would be able to continue offering its services to IID, and almost certainly not on the favorable terms and prices with which IID has become accustomed. This outcome would deprive IID of the extensive experience, familiarity with IID’s systems, and know-how that Irby employees possess. We suspect that this phenomenon is true for other IID projects that have historically been accomplished by other open-shop business partners without the use of PLAs.

Use of PLAs would also certainly translate into significantly higher costs to IID, which would inevitably be passed along to ratepayers. Companies subject to a PLA must typically offer fringe benefits mandated by collective bargaining agreements, often directly through union trust fund programs, including multi-employer pension funds. In many cases, these multi-employer pension funds are seriously underfunded. *See, e.g., “Multiemployer pension a ‘ticking time bomb’ for Teamsters’ trucking retirees,” Modern Material Handling (May 9, 2018).*¹ Because of federal pension rules, many employers may decline to bid on IID projects rather than risk getting saddled with liability for underfunded multi-employer pension plans. For this and other reasons, IID must assume that PLAs will likely increase the costs of its projects. In this regard, we encourage IID to carefully evaluate how PLAs would affect IID’s costs, what other operational constraints they would create, and what type of reaction that will engender from ratepayers who are then asked to absorb the added costs.

The prime argument that was offered in favor of PLAs at the September 24, 2019 Board meeting is that PLAs would provide for a better trained and safer workforce. No evidence was offered for this assertion. The history of Irby’s relationship with IID and the performance of Irby employees on IID projects show that there simply is no merit to the argument. Safety has always been Irby’s highest priority, and Irby’s safety performance on IID’s jobs bears this out. Irby’s current Experience Modification Rate is 0.67, better than the industry average. Irby provides a full-time safety professional dedicated specifically to our crews working on IID’s system. Each day, crews complete both job task safety analyses and safety observations.

As part of Irby’s new hire process, all employees must attend a 5-day new hire orientation program which includes training such as OSHA 10 Hour, Hazcom, Drilled Hole Best Practices, Job Task Safety Analysis, Fall Protection, First Aid/CPR/AED, Grounding and Bonding, and Rigger & Signal Person Training are taught. Ongoing training for all crews includes Pole Top Rescue, Open Hole Procedures and Rescue, First Aid/CPR/Blood Borne Pathogens, Equipotential Grounding, and Sexual Harassment/Bullying. This training equips Irby employees to work safely and effectively. In recent years, the Irby crews working on IID’s system have worked as many as 3,348 days without a lost time accident. Currently, we are at 1,698 days without lost time accident.

One of Irby’s sister companies is Northwest Lineman College (“NLC”), one of the premier trade schools in the country for training linemen. NLC is accredited by the Accrediting Commission of Career Schools and Colleges and provides industry-leading educational instruction and training for careers in the electric, telecommunication, and natural gas industries. A number of Irby employees are graduates of this program and many others have attended training offered by NLC. In addition, each year, an apprentice lineman must attend two weeks of classes including “hands on” training in the

¹ https://www.mmh.com/article/multiemployer_pension_a_ticking_time_bomb_for_teamsters_trucking_retirees.

classroom and by utilizing an outdoor mock electrical grid that is located on campus. Our apprentices are required to have 8,000 hours of on-the-job-training (OJT) before completing the course. All OJT sheets are reviewed by supervision with constructive feedback given to the apprentice on skills, knowledge of electrical systems, and performance. Irby's Apprenticeship Program meets the same training and experience standards as required under the California Department of Industrial Relations, California Apprenticeship Council's Apprenticeship Program. Unlike many of our competitors, Irby pays for all costs associated with the Apprentice training including housing, travel, wages, meals, classroom instruction and field training. More than 20 Irby-trained Journeymen Linemen currently work for IID as Journeyman Linemen and continue to do professional, productive, and quality work every day on your system.

Many Irby employees working on the IID system currently have worked there for years and are very familiar with IID's system, rules, policies, the local terrain and other unique features of IID's operations. In total, Irby crew members have over 200 years of combined experience on IID's system. Irby crews have consistently demonstrated the capability and the experience necessary to serve the range of IID's needs across its entire system for overhead and underground distribution work, transmission projects, substation work, and fiber stringing.

In addition to being highly capable and professional, Irby's IID crews are local. Many Irby Journeyman and Apprentice Linemen, Operators and other crew members grew up and live in the Valley. Many attended high school in the area, have families, own homes in your neighborhoods, and contribute to the community. As we have previously shared with the Board, this means that IID's contract dollars paid to local crews are spent in IID's service area—supporting many local businesses and creating jobs throughout Imperial County. It also means that when there is an outage or other emergency after hours, our crews can respond quickly. As Irby's past performance has shown, in a community where summer temperatures can exceed 120 degrees and an outage represents a serious health risk to vulnerable citizens, this local response is necessary to protect IID's constituents.

Mandating PLAs for the categories of work Irby performs for IID will likely result in a monumental change in IID's operations, costs, and, probably, reliability. This will likely be true in other areas of IID's needs, including its water operations. We urge IID to carefully evaluate all of the costs, benefits, and implications of going down this path and not accept unproven or superficial claims that PLAs necessarily will lead to a better-trained workforce or any other improvements. If the claims are true, proponents of PLAs should be able to provide empirical evidence, data, and examples to support the assertions, including on the issue of workforce training. We are confident that Irby's training program produces employees who are highly competent and capable of performing at least as well as any employees who go through a union apprenticeship program.

As fiduciaries of IID's system and the ratepayer funds that are spent on it, we respectfully suggest that the Board assure itself that the dramatic move it is contemplating will not result in a diminution of quality or service, or otherwise increase IID's costs. To that end, before the Board votes on any proposals to require use of PLAs in any situations, we ask that the Board undertake a careful study, with thorough input from IID staff and other stakeholders, of the implications of the use of PLAs to IID, its operations, and its customers. We believe that IID and members of the Board would benefit from a substantial record answering these questions so that the Board can anticipate and respond to questions and potential criticism down the road from ratepayers and other stakeholders if the Board is forced to raise rates without a corresponding increase in quality of service or reliability. We would

welcome the opportunity to participate in this process and to provide the Board with further detail on Irby's performance and on relevant questions IID should consider before it decides to require PLAs.

Thank you for your attention and please let us know how we can be of assistance.

Sincerely,



Rick Shouse
Executive Vice President of Operations

Cc (all via email):

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Irby Personnel

- Lee M. Jones, *President*
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- Bonnie Burnham, *Director of Operations*
- Kevin A. Croft, *Executive Vice President*