

Interoffice Memorandum

TO (Name and Location)	DATE
Dr. A. D. Pantaleoni - Chatham	October 14, 1986
FROM (Name and Location)	REFERENCE NO.
C. R. DeRose - Bishop	CRD-67-86

SUBJECT: CONTRACTOR SAFETY

A question has been raised by our Corporate Medical Director, Dr. John Dougherty, concerning the role of contract maintenance personnel at the Bishop plant. The major concern raised is whether we subject contract employees to different work conditions that exist for our employees. The following information supports the fact that in agreement with Corporate policy we do not use any different standards with contractors than we do with our own employees.

The purpose of having a contract workforce in addition to our own is obvious. It allows for staffing flexibility without having to furlough our employees. It allows some cost reduction potential on certain unskilled labor positions. It allows for temporary use of skills our employees do not possess without the incomplete utilization of our work force if we hire for that skill.

One of the recognized concerns with contract labor in Texas is the liability issue. With our own employees, our liability, except in gross negligence cases, is limited to the Worker's Compensation limit of about \$100,000. Worker's Compensation is the "exclusive remedy". Contractors, of course, are open to third party lawsuits with no limit on liability except for indemnity.

We use contractors for unskilled labor including tank cleaning, tank car cleaning, general labor, Resins Warehouse packaging, as well as other duties. We also use them for forklift drivers, capital project workforce, dumpster truck drivers, landfill staffing, and some skilled tasks in expense maintenance. We are, in fact, reducing contract involvement by increasing productivity, so we can reduce cost. This is increasing our employees' involvement in some of the previous contractor areas.

We have recently completed our annual major contractor safety audit. We do this to assure that they are meeting the same health and safety requirements for their employees that we have for ours.

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DO IT RIGHT THE FIRST TIME

To summarize, we do use contractors for some unskilled jobs; however, we require the contractor to protect employees as well as we do. Also, many of these jobs are, on occasion, done by our employees. We are not and have not knowingly put contract employees in jeopardy. We assure that their safety performance meets our level of expectations.

C.R. DeRose / mrs.

C. R. DeRose

CRD/smj
Attachment

cc: R. G. Brandt
L. L. Bennett
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