

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BOARD OF DIRECTORS
1255 Imperial Avenue, Suite 1000
San Diego, CA 92101

MINUTES

March 12, 2015

1. Roll Call

Chairman Mathis called the Board meeting to order at 9:06 a.m. A roll call sheet listing Board member attendance is attached.

2a. Fiscal Year 2016 Capital Improvement Program (Mike Thompson)

Mike Thompson, Director of Financial Planning and Analysis, provided a presentation on the fiscal year (FY) 2016 Capital Improvement Program (CIP). He discussed the development of the FY 2016 CIP, the CIP project highlights for bus, rail, future multiyear projects, and Cap and Trade.

Mr. Minto inquired if there were any additional grants to apply for to help with Americans with Disabilities Act (ADA) issues. Mr. Thompson replied that MTS does receive other funding that is ADA related.

Ms. Salas inquired if SANDAG's funding application for the South Bay BRT project is separate from MTS's application. Mr. Jablonski stated that MTS's application is separate from SANDAG's application.

Ms. Bragg asked about the total list of ADA bus stop improvement options. Denis Desmond, Manager of Planning, replied that there are a total of 23 bus stops where ADA improvements can be made. Ms. Bragg inquired if those 23 locations were chosen because they were the most non-compliant locations. Mr. Desmond replied that those locations were chosen based on responses from customers and the Operations department.

Mr. Gloria inquired how long it would take to fully replace the SD100 trolley cars. Mr. Thompson replied that the SD100s would start to be replaced in approximately 10 years. Mr. Gloria asked how old the SD100s will be when they are retired. Mr. Thompson replied that the cars will be about 30 years old when they are retired. Mr. Gloria asked about the location of the future bus maintenance facility. Mr. Jablonski replied that there is no location identified yet and this is a preliminary item that is being researched as a future project. Mr. Gloria asked where the current bus maintenance facilities are located. Mr. Jablonski replied that the current facilities are the Imperial Avenue, Kearny Mesa, South Bay and El Cajon Divisions. Mr. Gloria asked if any of the current facilities could be expanded. Mr. Jablonski replied that expansion is not likely possible at one of the current facilities. Mr. Gloria inquired if the new bus shelters were being funded in the current year's budget or the next year's budget. Mr. Jablonski stated that the bus shelters are being funded in the current year's budget.

Ms. Zapf inquired about the life span of the mini buses. Mr. Jablonski stated that the mini buses have a shorter life span than a regular bus. He stated that the mini buses are gasoline run and are known as 7-year vehicles.

Mr. Thompson continued the presentation and reviewed the proposed capital funding levels, project categories and budget funding trend for FY 2016. He also provided a five year overview of the CIP for fiscal years 2016-2020 and FY 2016 CIP recommendations.

PUBLIC COMMENTS

Richard Thompson – Mr. Thompson discussed the handout he provided to the Board members. He stated that while he was at the SDSU Trolley Station he tried asking a security guard for their name, but the security guard would not provide their name. He also said that regional transit should include Mexico.

Emily Serafy Cox – Mid-City CAN. Ms. Serafy Cox commented that the San Diego Unified School District data is almost complete for the Youth Pass Pilot Program. She said this will include approximately six to nine months of data. She stated that the strongest trends of data focused around safety. She also commented that their team has asked for \$100,000 from the Low Carbon Transit Operations Program (LCTOP) funding.

BOARD MEMBER COMMENTS

Ms. Cole asked for clarification on the non-recurring nature of the capital funds. Mr. Thompson replied that the non-recurring funds are primarily funded by the State of California and are one-time monies.

Action Taken

Mr. Minto moved to: (1) approve the fiscal year (FY) 2016 Capital Improvement Program (CIP) with the estimated federal and nonfederal funding levels. As the federal appropriation figures are finalized and/or other project funding sources become available, allow the Chief Executive Officer (CEO) to identify and adjust projects for the adjusted funding levels; (2) recommend that the San Diego Association of Governments (SANDAG) Board of Directors approve the submittal of Federal Section 5307 and 5337 applications for the MTS FY 2016 CIP; (3) approve the transfer of \$1,460,919 from previous CIP projects to the FY 2016 CIP; and (4) recommend that the SANDAG Board of Directors approve amendment number 2 of the 2014 Regional Transportation Improvement Program (RTIP) in accordance with the FY 2016 CIP recommendations. Mr. McClellan seconded the motion, and the vote was 14 to 0 in favor with Ms. Emerald absent.

2b. Fiscal Year 2015 Midyear Adjustment (Mike Thompson)

Mr. Thompson provided a presentation regarding the FY 2015 midyear adjustment. He discussed the FY 2015 midyear revenue assumptions summary for operating and non-operating revenue, lease/leaseback transactions and the results of the FY 2015 midyear revenue summary. Mr. Thompson reviewed the FY 2015 midyear expenses assumption summary and expense summary. He discussed the FY 2015 midyear revenues less expenses and the FY 2015 midyear contingency reserves.

Mr. McWhirter inquired about the longevity of CNG vehicles. Mr. Thompson replied that the original CNG vehicles had a tank life of 15 years however the new CNG vehicles have a longer tank life of approximately 20 years. Mr. Jablonski commented that the buses, at a minimum, are usually replaced between 13 to 14 years.

Ms. Cole commented on the increase in personnel and asked about the hiring goal for bus drivers. Mr. Thompson replied that the average need for bus drivers continues to change as service levels change. He stated that the current average hiring goal is 515 bus drivers.

Mr. Cunningham inquired if we are actively hiring new bus drivers. Mr. Thompson replied that MTS is always actively recruiting new bus drivers. He said that there have been very large training classes over the past few months. Mr. Cunningham commented on the balanced budget and asked if there were any other extreme costs that could take MTS out of budget by year end. Mr. Thompson replied there are none at this time. Mr. Jablonski commented on the hiring of new bus drivers. He stated that the average number of bus drivers will end up exceeding what is needed which will help diminish the mandatory call backs.

Action Taken

Mr. Cunningham moved to enact Resolution No. 15-3 amending the fiscal year (FY) 2015 operating budget for the San Diego Metropolitan Transit System (MTS), San Diego Transit Corporation (SDTC), San Diego Trolley, Inc. (SDTI), MTS Contract Services, Chula Vista Transit, and the Coronado Ferry. Ms. Bragg seconded the motion, and the vote was 14 to 0 in favor with Ms. Emerald absent.

3. Public Comments

There were no public comments.

4. Next Finance Workshop

The next Finance Workshop is May 14, 2015.

5 b. Approval of Minutes

Mr. Minto moved to approve the minutes of the February 12, 2015, MTS Board of Directors meeting. Ms. Cole seconded the motion, and the vote was 14 to 0 in favor with Ms. Emerald absent.

CONSENT ITEMS

6. Property Insurance Renewal

Action would authorize the Chief Executive Officer (CEO) to renew the property insurance coverage for the San Diego Metropolitan Transit System (MTS), San Diego Transit Corporation (SDTC), and San Diego Trolley, Inc. (SDTI) with the California State Association of Counties - Excess Insurance Authority (CSAC-EIA) Property Insurance Program, effective March 31, 2015, through March 31, 2016, with various coverage deductibles of \$25,000 (real estate and personal contents property), \$100,000 (bus fleet), \$250,000 (light rail fleet) and \$1,500,000 (roads, bridges and tunnels).

7. Federal Legislative Representation - Contract Extension

Action would authorize the Chief Executive Officer (CEO) to execute the Partial Assignment No. 1 of the San Diego Association of Governments (SANDAG) two (2) year contract extension with Peyser Associates, LLC effective May 1, 2015.

8. Fiscal Year 2014-2015 Low Carbon Transit Operations Program (LCTOP) Funding
Action would: (1) adopt Resolution No. 15-4 which agrees to comply with all conditions and requirements set forth in the Certification and Assurances Document, and applicable statutes, regulations, and guidelines for all LCTOP funded transit projects; (2) authorize the Chief Executive Officer (CEO), or designated representative, to execute all required documents of the LCTOP and any amendments thereto with the California Department of Transportation; and (3) authorize the use of, and application for, \$1,204,141 in Fiscal Year 2014-2015 LCTOP funding for capital projects which reduce greenhouse gas emissions and approve mobility with a priority on serving disadvantaged communities.
9. Flushing Units for Light Rail Vehicle Braking Systems - Sole Source Purchase Order
Action would authorize the Chief Executive Officer (CEO) to issue a purchase order to Knorr Brake Company LLC (Knorr), for the procurement of three (3) Knorr brake flushing systems on a sole source basis.
10. Master Information Switching Technology (IST)/Switch Software License Agreement - Fidelity Information Services
Action would authorize the Chief Executive Officer (CEO) to: (1) execute MTS Doc. No. G1808.0-15 with Fidelity Information Services, LLC (FIS), for the assignment of the FIS Master IST/Switch Software License Agreement from SANDAG to MTS beginning in fiscal year (FY) 2015; and (2) issue a Purchase Order to FIS, on a sole source basis, for the upgrade of the IST/Switch Software from version 7.4 to version 7.7 in support of the MTS Compass Card Program.
11. Environmental Health and Safety Specialist Position
Action would authorize the Chief Executive Officer (CEO) to add one (1) Environmental Health and Safety Specialist to the fiscal year 2015 budget, increasing total Full Time Equivalent (FTE) positions from 0 to 1.
12. Closed-Circuit Television (CCTV) System Upgrade - Purchase of Cisco Network Equipment
Action would authorize the Chief Executive Officer (CEO) to issue a purchase order to AT&T Datacomm, Inc. (AT&T), for the purchase of Cisco network equipment under the County of Merced's Fast Open Contracts Utilization Services (FOCUS) Contract No. 2009177.
13. Investment Report - January 2015
14. Number Not Used
15. Amendment to Chief Executive Officer Employment Agreement
Action would approve an amendment to the Executive Employment Agreement between MTS and Paul C. Jablonski to provide additional compensation and fringe benefits.
16. Class B Paratransit Buses - Creative Bus Sales Contract
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. B0623.0-15 with Creative Bus Sales (CBS) for the purchase of two (2) Class B paratransit vehicles under an existing California Association of Coordinated Transportation (CalACT) contract.
17. Canon Multi-Function Devices: Purchase, Maintenance and Repair - Contract Award
Action would authorize the Chief Executive Officer (CEO) to: (1) execute MTS Doc. No. G1703.0-14 with Signa Digital Solutions for purchase, maintenance and repair of Canon Multi-

Function Devices for a two year base period with three, one-year option terms (for a total of five years); and (2) exercise each option year at the CEO's discretion.

18. Interagency Mid-Coast Agreement (WITHDRAWN)
Action would authorize the Chief Executive Officer (CEO) to enter into an agreement with the San Diego Association of Governments (SANDAG), the University of California San Diego (UC San Diego), and the California Department of Transportation (Caltrans) regarding the Mid-Coast Corridor Transit Project in substantially the same format as Attachment A.
19. 2015 Transit and Intercity Rail Capital Program (TIRCP) Grant Application
Action would approve Resolution No. 15-5 authorizing the Chief Executive Officer (CEO) to submit an application for up to \$41,181,000 in 2015 TIRCP funding to fund the Trolley Capacity Improvements project.

CONSENT ITEM COMMENTS

Karen Landers, General Counsel, noted that consent agenda item number 18, Interagency Mid-Coast Agreement, will be pulled from the agenda. She stated that the draft agreement between SANDAG, UC San Diego and Caltrans was not completed yet and the agreement can be approved at the staff level to keep the project on track.

Action on Recommended Consent Items

Mr. Minto moved to approve Consent Agenda Item Nos. 6 – 19, excluding No. 18. Ms. Cole seconded the motion, and the vote was 14 to 0 in favor with Ms. Emerald absent.

CLOSED SESSION

24. Closed Session Items

The Board convened to Closed Session at 10:05 a.m.

- a. CLOSED SESSION - CONFERENCE WITH LABOR NEGOTIATORS Pursuant To California Government Code Section 54957.6
Agency: San Diego Transit Corporation (SDTC) and San Diego Trolley, Inc. (SDTI)
Agency-Designated Representative: Jeff Stumbo
Employee Organization: International Brotherhood of Electrical Workers, Local 465 (Representing SDTI Flaggers)
Employee Organization: International Brotherhood of Electrical Workers, Local 465 (Representing SDTI Train Operators, Electromechanics, Servicers and Clerical)
Employee Organization: Transit Enforcement Officers Association (Representing Code Compliance Inspectors)
Employee Organization: Amalgamated Transit Union, Local 1309 (Representing Bus Operators and Clerical Employees at SDTC)
- b. CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 54956.9(d)(1) Geronimo Vasquez and Maria Vasquez v. Metropolitan Transit System San Diego Superior Court Case No. 37-2014-00002476-CU-OR-CTL
MTS Claim No. MT-07-0275-13

The Board reconvened to Open Session at 10:56 a.m.

Oral Report of Final Actions Taken in Closed Session

Karen Landers, General Counsel, reported the following:

- a. The Board on a vote of 14 in favor and 0 opposed, with Councilmember Emerald absent, ratified a tentative agreement with the Transit Enforcement Officers Association (TEOA). On a vote of 14 in favor and 0 opposed, with Councilmember Emerald absent, the Board ratified a tentative agreement with the International Brotherhood of Electrical Workers (IBEW) Local 465. The Board also received a report from negotiators regarding other union negotiations and gave instructions.
- b. The Board approved a settlement of \$65,000 and gave instructions to staff regarding further litigation measures. The vote was 11 to 3 in favor with Bragg, Cole, Cunningham, Gloria, Mathis, McClellan, McWhirter, Minto, Roberts, Woiwode and Zapf voting in favor and Jones, Salas and Rios opposed and Emerald absent.

NOTICED PUBLIC HEARINGS

25. None.

DISCUSSION ITEMS

30. None.

REPORT ITEMS

45. Operating Revenue Report (Sharon Cooney)

Sharon Cooney, Chief of Staff, provided a presentation on the operating revenue report. She discussed the regional fares, ridership and fare revenue significance, rider transit dependency rate, discounted fares, boardings and fare revenue shares, securing the Senior-Disabled-Medicare (SDM) benefit, circumstances uncovered during processing SDM applications, and increased fare enforcement. Ms. Cooney also provided an update on the Youth Pass Pilot Program and the UC San Diego Student UPass.

Ms. Zapf asked what happens to the non-paying customers who are riding the bus with invalid compass cards. Ms. Cooney replied that the security guards will confiscate their invalid compass card and are taken off the bus.

Mr. Roberts inquired how the age of 60 was determined to be the qualifying senior age. Ms. Cooney stated that the age is set in TransNet. Mr. Roberts asked if it was possible to increase that age requirement due to the changing demographics. Ms. Cooney stated that the Board had instructed staff to ask SANDAG on two occasions to change the qualifying senior age, but never succeeded. Mr. Roberts commented that staff should bring this request to SANDAG again for review. Chairman Mathis stated that MTS is has the lowest qualifying senior age in the State.

Mr. Gloria commented on the reduced prices that are already provided for youth passes. He asked what it would cost to price youth passes the same as SDM passes. Ms. Cooney stated that it would result in a decrease of 4% in revenue, or approximately \$4 million to \$5 million.

Mr. McClellan commented on the lack of improved attendance in relation to the youth pass program. He recommended that the school should possibly reward the students with transit passes if their attendance is high, but if students do not attend school they should not be provided a pass.

Mr. Woiwode asked why MTS has SDM passes priced at 25% of the regular fare when federal law requires only 50% of the regular fare. Ms. Cooney replied that this rate was a part of the 2008 TransNet renewal ordinance.

Mr. Roberts inquired how MTS compares to other agencies for SDM fare. Ms. Cooney stated that MTS has the lowest SDM fare in the State. Mr. Roberts commented that some adjustments need to be made since MTS currently has the lowest age requirement for seniors and the lowest SDM fare price.

Mr. Cunningham commented on the number of people that were taken off of buses for not having proof of eligibility for their SDM cards and asked if some of those people were eventually able to provide the required documentation. Mr. Jablonski stated that all of the people taken off the bus had an opportunity to come to MTS and reclaim their card if they showed proof, however no one came to reclaim their card. Mr. Jablonski also commented that adding a photo ID to the SDM cards will help to resolve these issues. Ms. Cooney stated that staff is currently in the process of planning an easy and convenient way for current SDM riders to transfer to the new photo ID cards.

PUBLIC COMMENTS

Emily Serafy Cox – Mid-City CAN. Ms. Serafy Cox commented that the transition to photo ID cards has already begun for the youth pilot pass. She commented on the absenteeism data and stated that there have been software issues with compiling the correct data. She stated that the researchers working on this data are looking at the standard scores rather than actual numbers.

Action Taken

Information item only. No action taken.

46. Quarterly Performance Monitoring Report (Denis Desmond)

Denis Desmond, Manager of Planning, provided a presentation on the Quarterly Performance Monitoring Report. He reviewed the MTS Policy 42 evaluation criteria and the numbers for total passengers throughout the entire system. He discussed the ADA Paratransit results for notable MTS Access ridership and cost increases. Mr. Desmond also reviewed the average weekday passengers, passengers per revenue hour, on-time performance, and new service/major service changes for trial services.

Ms. Zapf inquired how long trial route 170 has been in service. Mr. Desmond replied that route 170 has been in service for about four months. She asked if the trial routes will continue for the

entire 12 month period even if they do not perform well. Mr. Desmond replied that the trial routes will continue and finish the entire 12 months.

Action Taken

Informational item only. No action taken.

47. Pacific Imperial Railroad (PIR) Desert Line Agreement – Status Update (Karen Landers)

Karen Landers, General Counsel, commented on the letters that were provided to the Board members. She stated that the letters were from PIR, dated March 4th, as well as her response letter dated March 6th. Ms. Landers said that MTS requested a status update from PIR of where they were in the project and where they thought they were in terms of meeting the milestones. The milestones are set for initial repairs on September 1st and test train operations by October 1st. PIR's letter to MTS restated that they believe they are going to make those milestones and also stated that they think the amount of work that needs to be done to get to those Fall dates is not as significant as originally anticipated. Ms. Landers said that her March 6th letter was intended to follow up and clarify the level of oversight that MTS expects to have on those repairs, the types of details to support whether repairs are necessary on certain segments or not necessary and to reiterate the timelines of those goals. She stated that MTS will continue to closely monitor the work that's recommended and completed.

Ms. Landers also commented that she is in the process of setting up an inspection of the line with one of our consultants. She said that this is something that is contemplated under the agreement that MTS would do annual joint inspections. She stated that it is really intended more for after we start operations and then as needed during the construction process. Ms. Landers noted that MTS will be doing some independent verification in addition to reviewing reports and proposals that we receive from PIR.

She said that MTS has had several meetings and inquiries from Baja Rail and Baja California Officials recently about the possibility of sending double stacked car carriers up the Blue Line from San Ysidro to 12th & Imperial. She stated that is something that is not physically possible on our line. The catenary wires that support the trolley lines hang too low and there is a significant public safety risk and risk to the infrastructure if we allow the height of the double stacked car carriers that close to the line. Ms. Landers said in addition to the significant cost and the impacts, there are safety risks having electrified wires that close to those types of freight cars. She noted that we have repeatedly informed them this is not a restriction that will be removed by MTS now or in the foreseeable future. Essentially, MTS cannot raise the wire to accommodate this request, because the trolley cars are constructed where they cannot reach up that high to touch the wires. Ms. Landers said that the only possible way for the region to see those types of car carriers and that traffic is through this Desert Line Project. She concluded that we have repeatedly recommended to Baja Rail and Baja California that the best way to achieve their economic development goals with the Toyota Factory and Baja CA is for Baja Rail to work with PIR to come to some agreement to have the Desert Line Project be a bi-national railroad.

PUBLIC COMMENTS

Charles McHaffie – PIR. Mr. McHaffie commented that approximately one year ago, PIR believed that they would not be able to come to an agreement to work with the Mexican Railroad. He said that now through the efforts of Mr. Jablonski and Ms. Landers, they were able

to establish a meeting with the Mexican Railroad authorities. Mr. McHaffie stated that because of that meeting, further negotiations have taken place and they are very close to an agreement which will allow the lines to be unified. He noted that Arturo Alemany, with MIR International Services, is PIR's American/Mexican liaison to help with the negotiations. Mr. McHaffie stated that PIR's new publicist is Jack Berkman and he will help to present the whole truth to the media and public.

Donald Stoecklein – PIR. Mr. Stoecklein provided a presentation regarding the history of PIR and its accomplishments to date. He discussed the completed PIR performance milestones from October 2011 through March 2015. Lastly, Mr. Stoecklein stated that in December 2014, MTS, PIR, Baja Rail and the Governor of Baja's representative met with the Consul General, Andrew Erickson, to discuss and mediate the creation of a bi-national rail line.

BOARD MEMBER COMMENTS

Mr. Roberts inquired about derailed train cars and other older trains that are being stored on the tracks. Mr. Stoecklein stated that PIR is charging GE Capital to store those trains on the line. He stated that the derailed train cars may have been derailed due to vandalism and the matter is currently under investigation. Mr. Stoecklein also said that PIR has hired a contractor to remove and scrap those cars.

Action Taken

Informational item only. No action taken.

60. Chairman's Report

Chairman Mathis commented that the press conference for the second Vintage Trolley car was very successful.

61. Audit Oversight Committee Chairman's Report

There was no Audit Oversight Committee Chairman's Report.

62. Chief Executive Officer's Report

Mr. Jablonski commented on the press conference regarding the \$1,000,000 Homeland Security Grant. He noted that there will also be a press conference scheduled to promote Stand Up for Transportation Day which is April 9th. Mr. Jablonski also stated that he attended the APTA Legislative Conference in Washington DC.

63. Board Member Communications

Mr. Gloria commented that he also attended the APTA Legislative Conference in Washington DC.

64. Additional Public Comments on Items Not on the Agenda

There were no additional public comments.

65. Next Meeting Date

The next regularly scheduled Board meeting is April 16, 2015.

66. Adjournment

Chairman Mathis adjourned the meeting at 12:02 p.m.



Chairperson
San Diego Metropolitan Transit System

Filed by:

Approved as to form:


Clerk of the Board
San Diego Metropolitan Transit System
General Counsel
San Diego Metropolitan Transit System

Attachments: Roll Call Sheet – Finance Workshop
Roll Call Sheet – Board of Directors
Memo – Imperial Avenue Division (IAD) Relocation
MTS Letter re: Pacific Imperial Railroad (PIR) Desert Line Project
PIR Letter re: PIR-MTS Status
CGS Letter re: PIR Hazardous Materials Issues

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
FINANCE WORKSHOP
ROLL CALL

MEETING OF (DATE): March 12, 2015

CALL TO ORDER (TIME): 9:06 a.m.

RECESS: _____

RECONVENE: _____

CLOSED SESSION: _____

RECONVENE: _____

PUBLIC HEARING: _____

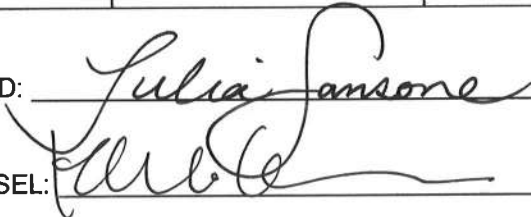
RECONVENE: _____

ORDINANCES ADOPTED: _____

ADJOURN: 10:03 a.m.

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
BRAGG	<input checked="" type="checkbox"/> (Bilbray) <input type="checkbox"/>	9:06 a.m.	10:03 a.m.
COLE	<input checked="" type="checkbox"/> (Alvarez) <input type="checkbox"/>	9:06 a.m.	10:03 a.m.
CUNNINGHAM	<input checked="" type="checkbox"/> (Mullin) <input type="checkbox"/>	9:06 a.m.	10:03 a.m.
EMERALD	<input type="checkbox"/> (Alvarez) <input type="checkbox"/>		
GASTIL	<input type="checkbox"/> (Jones) <input checked="" type="checkbox"/>	9:06 a.m.	10:03 a.m.
GLORIA	<input checked="" type="checkbox"/> (Alvarez) <input type="checkbox"/>	9:06 a.m.	10:03 a.m.
MATHIS	<input checked="" type="checkbox"/>	9:06 a.m.	10:03 a.m.
MCCLELLAN	<input checked="" type="checkbox"/> (Ambrose) <input type="checkbox"/>	9:06 a.m.	10:03 a.m.
MCWHIRTER	<input checked="" type="checkbox"/> (Arapostathis) <input type="checkbox"/>	9:06 a.m.	10:03 a.m.
MINTO	<input checked="" type="checkbox"/> (McNelis) <input type="checkbox"/>	9:06 a.m.	10:03 a.m.
RIOS	<input checked="" type="checkbox"/> (Sotelo-Solis) <input type="checkbox"/>	9:06 a.m.	10:03 a.m.
ROBERTS	<input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>	9:08 a.m.	10:03 a.m.
SALAS	<input checked="" type="checkbox"/> (Miesen) <input type="checkbox"/>	9:06 a.m.	10:03 a.m.
WOIWODE	<input checked="" type="checkbox"/> (Sandke) <input type="checkbox"/>	9:06 a.m.	10:03 a.m.
ZAPF	<input checked="" type="checkbox"/> (Alvarez) <input type="checkbox"/>	9:06 a.m.	10:03 a.m.

SIGNED BY THE CLERK OF THE BOARD:



CONFIRMED BY THE GENERAL COUNSEL:



SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BOARD OF DIRECTORS
ROLL CALL

MEETING OF (DATE): March 12, 2015

CALL TO ORDER (TIME): 10:03 a.m.

RECESS: _____

RECONVENE: _____

CLOSED SESSION: 10:05 a.m.

RECONVENE: 10:56 a.m.

PUBLIC HEARING: _____

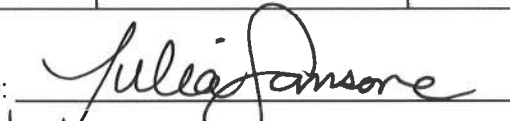
RECONVENE: _____

ORDINANCES ADOPTED: _____

ADJOURN: 12:02 p.m.

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
BRAGG	<input checked="" type="checkbox"/> (Bilbray) <input type="checkbox"/>	10:03 a.m.	10:56 a.m.
COLE	<input checked="" type="checkbox"/> (Alvarez) <input type="checkbox"/>	10:03 a.m.	12:02 p.m.
CUNNINGHAM	<input checked="" type="checkbox"/> (Mullin) <input type="checkbox"/>	10:03 a.m.	11:55 a.m.
EMERALD	<input type="checkbox"/> (Alvarez) <input type="checkbox"/>		
GASTIL	<input type="checkbox"/> (Jones) <input checked="" type="checkbox"/>	10:03 a.m.	12:02 p.m.
GLORIA	<input checked="" type="checkbox"/> (Alvarez) <input type="checkbox"/>	10:03 a.m.	12:02 p.m.
MATHIS	<input checked="" type="checkbox"/>	10:03 a.m.	12:02 p.m.
MCCLELLAN	<input checked="" type="checkbox"/> (Ambrose) <input type="checkbox"/>	10:03 a.m.	12:02 p.m.
MCWHIRTER	<input checked="" type="checkbox"/> (Arapostathis) <input type="checkbox"/>	10:03 a.m.	12:02 p.m.
MINTO	<input checked="" type="checkbox"/> (McNelis) <input type="checkbox"/>	10:03 a.m.	11:30 a.m.
RIOS	<input checked="" type="checkbox"/> (Sotelo-Solis) <input type="checkbox"/>	10:03 a.m.	12:02 p.m.
ROBERTS	<input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>	10:03 a.m.	12:02 p.m.
SALAS	<input checked="" type="checkbox"/> (Miesen) <input type="checkbox"/>	10:03 a.m.	10:56 a.m.
WOIWODE	<input checked="" type="checkbox"/> (Sandke) <input type="checkbox"/>	10:03 a.m.	12:02 p.m.
ZAPF	<input checked="" type="checkbox"/> (Alvarez) <input type="checkbox"/>	10:03 a.m.	12:02 p.m.

SIGNED BY THE CLERK OF THE BOARD:



CONFIRMED BY THE GENERAL COUNSEL:



1255 Imperial Avenue, Suite 1000
San Diego, CA 92101-7490
619.231.1466 FAX 619.234.3407

Memorandum

TO: Paul Jablonski

FROM: Sharon Cooney

SUBJECT: Imperial Avenue Division (IAD) Relocation

This memo summarizes the minimum steps necessary for relocation of IAD. This memo assumes that:

- (1) a Chargers/MTS agreement is already completed,
- (2) funding for the project has been secured, and
- (3) alternative sites for the new facility have already been identified.

Phase 1: Identify and Acquire New Site and Hire Design Build Contractor (Minimum estimated time: 2.5 years)

The first activity for site acquisition would be to complete an Environmental Impact Report for the project on the identified alternative sites. During this process a Title VI/Environmental Justice analysis would be conducted in accordance with federal requirements. If no challenges occur, this process could be completed in 9 to 18 months. If challenges occur (eg. from members of the public, environmental groups, community groups, businesses, Coastal Commission) this process would require significantly more time.

Once the relocation site has been chosen, property acquisition would begin. It is almost certain that multiple real estate transactions would be required to assemble the site. Appraisals and offers would be submitted to property owners, and transactions with willing sellers who accept the appraisal would be relatively quick. If all owners are willing sellers, all MTS appraisals and first offers are accepted, and no relocation of businesses is required, then this process could be completed in a year. Unwilling sellers, or instances when the owner of the property disagrees with the appraisal, would trigger the eminent domain process. Relocation of businesses and/or residents would also occur. Three separate specialists in the area of property acquisition for public agencies were consulted and the estimated time to complete site acquisition if eminent domain is required is 24 to 41 months.

During site acquisition the process for bringing on board a design build construction firm could take place, a process that might be accomplished in 18 to 24 months. At the start of the process, a consultant would be hired to write the specifications, provide technical expertise and perform preliminary design (30%). The result of that effort would then be used to issue a Request for



Qualifications (RFQ) for firms. The result of the RFQ would create a short list of firms who would be asked to give a proposal for the design build contract. Proposals would be submitted and reviewed, a bidder would be selected, negotiations with the selected bidder would take place, and a contract would be finalized with the construction firm.

Phase 2: Final Design and Construction (Minimum estimated time: 2.5 years)

MTS recently completed a bus maintenance facility in Chula Vista and is under construction of another facility in El Cajon. MTS's experience with construction of bus maintenance facilities informs the design and construction estimate of at least two and a half years.

During the first part of the construction phase of an IAD relocation project, the design build contractor would design the project and gain all necessary permits. Considerations that would be addressed at that time would be storm water requirements, street improvements, any needed site cleanup, utility relocation, fire safety requirements and approvals, access to SDG&E natural gas connections, and any needed ground water abatement. Ordering of special equipment that required longer lead times such as the fueling station and bus wash equipment would occur in this phase.

Demolition of the site and site preparation for construction would be followed by construction itself. Construction components include the administrative office building(s), a compressed natural gas fueling station, 14 bus maintenance bays with maintenance equipment including in ground lifts, bus washing facilities, parts storage, concreted parking for 180 buses, employee parking areas, utility work, storm water facilities, street improvements, fencing and gates, site lighting and security equipment, and any required sound or retaining walls.

Upon final acceptance of the construction MTS could relocate the IAD operation to the new facility.

Conclusion from Staff Analysis

A minimum of five years would be required to relocate the IAD operation to a new site: two and a half years for environmental approval, site acquisition, and getting a design build contractor on board; two and a half years for final design and construction. This estimate is extremely optimistic and unforeseen delays could occur in any phase of the project.



1255 Imperial Avenue, Suite 1000
San Diego, CA 92101-7490
(619) 231-1466 • FAX (619) 234-3407



Via Email to tdneveau@aol.com and djs@slgseclaw.com

March 6, 2015

T. Daniel Neveau
Pacific Imperial Railroad, Inc.
c/o Kinsell, Newcomb & De Dios, Inc.
2697 Coventry Road
Carlsbad, CA 92010

Donald J. Stoecklein
Pacific Imperial Railroad, Inc.
c/o Stoecklein Law Offices
401 West A Street, Suite 1150
San Diego, CA 92101

Re: Pacific Imperial Railroad (PIR) Desert Line Project

Dear Mr. Neveau and Mr. Stoecklein:

MTS is in receipt of the Status Update letter submitted by Mr. Stoecklein on March 3, 2015. While it is promising to hear that PIR believes it will be able to complete all repairs necessary to bring the Desert Line to Class I track standard by the September 1, 2015 Initial Repairs/October 1, 2015 Test Train Operations deadlines, MTS still does not have any information regarding how and when PIR plans to do so. As discussed below, MTS has to approve, *in advance*, any work that is completed on the line. To date, no plans or specifications have been submitted to MTS for individual bridge, tunnel or track work by PIR or its contractors.

In addition, our February 13, 2015 request for a status update asked for more details on the new investor group and their management plans for PIR. This information was specifically requested by a member of the MTS Board of Directors, Mary Salas. As we previously informed you, we will be giving a status update on the PIR contract and PIR's progress on the Desert Line milestones at our March 12, 2015 board meeting. Mr. Stoecklein's letter did not contain any information about the identity, background or management plans of the new investor group. It is our understanding that you are having a shareholder/investor meeting later this week. Please inform the investors of MTS's request for more information.

Initial Repairs/Test Train Operations:

On August 28, 2014, MTS conditionally approved the Desert Line Reconstruction Plan (DLRP) and started the clock running for the Initial Repairs/Test Train Operations milestones. PIR's contract with MTS allows the DLRP to be submitted in phases consistent with the Test Train Operations, Limited Operations, and Full Scale Operations milestones if certain work will not be commenced until a later milestone. Section 3.3.1 sets forth the minimum items that must be completed before the first substantive operational milestone. Because not all of those items had been completed at the time the supplemental DLRP was submitted to MTS in June 2014, our August 28, 2014 approval specifically called out the items that MTS expects PIR to update "and submit[] to MTS for review and approval before work on an individual segment of Desert [Line] Infrastructure may begin." (See August 28, 2014 letter.)



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 Pacific Imperial Railroad
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Section 3.3 of our Agreement provides (emphasis added):

3.3. Desert Line Reconstruction Plan. The Desert Line Reconstruction Plan (DLRP) required in Section 1.2.2 shall include, at a minimum, a detailed schedule and description of the work to be completed prior to and in conjunction with each stage of operations (i) Test Train Operations as described in Section 1.2.4, (ii) Limited Operations as described in Section 1.2.6, and (iii) Full Scale Operations as described in Section 1.2.8.

3.3.1. **Prior to Test Train Operations the DLRP shall be updated and submitted to SD&AE and at a minimum shall:** (a) update the October 2007 Osmose Services Bridge Report, (b) repair and/or remediate the deficiencies identified in the Osmose Services Bridge Report, (c) **commission a study of the tunnel and track conditions on the Desert Line including ultrasonic rail flaw, loaded gauge, track geometry and tunnel clearance testing by a contractor approved by SD&AE,** and (d) repair and/or remediate any track or tunnel deficiencies identified through such testing. If additional repairs or modifications beyond those in the DLRP are planned for the Desert Line infrastructure or later required in order to bring PIR into compliance with this Lease, PIR shall submit such plans to SD&AE for review and approval. The DLRP shall ensure that the Desert Line bridges meet Cooper Loading System standards based on maximum axle loading for the freight to be carried by PIR, but not less than [286,000] pounds per car.

Our August 28, 2014 DLRP approval letter requested the following supplemental information (emphasis added):

Notwithstanding the above approval of the DLRP for the purposes of initiating the Initial Repairs milestone, **the following supporting reports must be completed and submitted to MTS for review and approval before work on an individual segment of Desert Infrastructure may begin:**

- JL Patterson work product (it is our understanding that JL Patterson has not completed the final reports for the inspections it conducted and that additional subcontractor inspections may not have been scheduled):
 - Bridge Repairs. Complete report for each individual bridge structure citing existing conditions, detail of each repair needed, cost estimates based on those recommendations, and a reconstruction schedule. The supplemental DLRP contains some, but not all, of this information.
 - Tunnel Condition Review. Although it is our understanding that JL Patterson conducted visual inspections of each tunnel, a written report documenting the findings of each inspection has not been submitted. A written report for each tunnel should be submitted including recommendations for track geometry testing using LIDAR or similar means, engineering experts, geotechnical consultants, and/or structural consultants as needed. Following such additional testing, a detailed repair recommendation for each tunnel, cost estimate, and repair schedule must be submitted to MTS. No test trains may run through a tunnel until the above reports are provided.

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- Track Condition Review. It is our understanding that subcontractor Nordco conducted ultrasonic testing for rail defects and provided raw data to PIR. Still to be provided is a final detailed report with a milepost basis of rail conditions. Similarly, it is our understanding that subcontractor Holland conducted track geometry, rail profile, and track gauge strength testing and provided the raw data to PIR. A detailed report still needs to be prepared showing the results on a per milepost basis. The results of these two reports should then be used to develop track rehabilitation strategies, cost estimates and repair schedules. This needs to be completed so repairs necessary for the Initial Repairs milestone, if any, are identified.
- Tie Inspections. It is our understanding that JL Patterson completed tie inspections on the Desert Line. However, no detailed reports of these inspections have been prepared by JL Patterson. This work must be completed and submitted to MTS with a detailed replacement recommendation, cost estimate and replacement schedule.
- Railroad Signaling Conditions. It is unclear if these inspections and analyses of work needed, if any, was completed by JL Patterson. An evaluation of the signaling infrastructure and compliance with FRA standards must be completed before Limited Operations (Agreement § 1.2.6) can take place.

Currently, PIR has less than six months to complete the Initial Repairs milestone and less than seven months to run a test train. Notwithstanding this fact, we are not aware of any additional inspection work taking place since JL Patterson stopped work in early 2014. Your contract with MTS only allows PIR employees to access the right of way or conduct work. All third party contractors must be issued a right of entry permit by MTS before entering the right of way. We have not received a right of entry permit application for any third party contractors on the Desert Line since the original permits were issued to JL Patterson and Watkins Environmental in 2013. We are not aware of Watkins Environmental performing any work under that permit.

Mr. Stoecklein's letter states "[c]ontrary to your assessment of the requirements to comply with Class I FRA standards, we believe a significant portion of the Line complies with such standards ..." While MTS has no information to contradict this statement, it must be supported by a signed statement from an applicable engineer, certifying that no repairs are necessary to bring a particular bridge, tunnel or track section to Class I standards. In addition, the track and tunnel testing required by Section 3.3.1(c) is required to be completed before Test Train Operations take place. This requirement is not tied to Class I railroad standards. MTS has not agreed to waive this requirement and expects it to be completed before the October 1, 2015 Test Train Operations milestone. Since this testing could reveal additional repairs that may be necessary to meet that milestone, MTS recommends that PIR take action to complete this testing with Nordco and Holland as soon as possible.

To clarify MTS's expectations for the work to be done:

1. Before any item of work can commence, the JL Patterson report related to that particular bridge, tunnel or track section must be finalized with an engineering recommendation and engineered plans and specifications.
2. The plans and specifications must be submitted to MTS for review and approval.
3. The contractor who will do the work must have a valid Right of Entry permit issued by MTS. Work must be completed according to the notice provisions in the Right of Entry permit document.

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4. If a particular bridge, tunnel or track section does not need repair work to meet the Test Train Operations standard, then this conclusion must be supported by a specific statement or report that is signed/certified by an applicable engineer.

Interchange Facility Plans

Mr. Stoecklein's status letter and oral reports from PIR representatives have identified plans to establish an interchange facility and "commence limited operations with a trucking onload/offload facility by December 15, 2015." While we are aware that PIR is exploring various sites for this interchange facility, please be forewarned that MTS cannot establish if the proposed facility will meet the terms and intent of the Limited Operations milestone until a specific plan is identified and presented to MTS for review. In addition, you are aware that depending on PIR's plan and site, additional non-MTS permits and reviews may be required. We have previously encouraged PIR to hire environmental and land use counsel to advise PIR as to what regulatory or procedural hurdles an interchange/intermodal facility may need to overcome.

The recently issued California appellate decision in *Friends of the Eel River v. North Coast Railroad Authority, et al* (230 Cal.App.4th 85 (2014), cert. granted, 339 P.3d 329, Cal. S.C. Case No. S222472) found that the federal Interstate Commerce Commission Termination Act "generally preempts CEQA's application to a project involving railroad operations." However, the California Supreme Court has agreed to review this decision. Whether this preemption applies to a proposed PIR project will require a fact-specific legal analysis. In addition, this preemption (if upheld by the California Supreme Court) simply states that the Surface Transportation Board (STB) has jurisdiction over such projects. You will need to research and confirm what specific STB reviews and approvals are required for your interchange facility or other project plans.

BI-National Railroad Operations

We are encouraged to hear that PIR continues to negotiate with Baja California Railroad and the Governor of Baja California to reach an agreement that allows for freight to be loaded onto the Mexican segment of the railroad and then carried over the Desert Line to the Union Pacific Railroad in Plaster City. In a recent meeting with MTS, the Director General of Baja California Railroad (BJRR), Roberto Romandia Tomayo, confirmed for MTS that the negotiations are ongoing and that his company is interested in negotiating an interchange or other agreement with PIR. He expressed a need to know PIR's specific construction schedule and operational plan so that business/supply chain certainty can be provided to the rail line's targeted manufacturing customers (e.g. Toyota) and plans can be made by BJRR. Please keep us informed of the status of these negotiations and let us know if we can be of assistance.

Sincerely,



Karen Landers
General Counsel

cc: Paul C. Jablonski, MTS Chief Executive Officer



PACIFIC IMPERIAL RAILROAD, INC.

March 4, 2015

Ms. Karen Landers
General Counsel
Metropolitan Transit System
1255 Imperial Avenue, Suite 1000
San Diego, California 92101-7490

RE: Pacific Imperial Railroad-MTS Status

Dear Ms. Landers:

As General Counsel, I have been requested to prepare this letter in response to your letter dated February 13, 2015 and your letter dated December 22, 2014, in reference to Pacific Imperial Railroad's ("PIR") update "for completing (a) all items listed in Metropolitan Transit System's ("MTS") August 28, 2014 letter conditionally approving the Desert Line Reconstruction Plan (DLRP), and (b) performing the work necessary to reach the Initial Repairs and Test Train Operations Milestones" as such status relates to PIR's obligations to San Diego & Arizona Eastern Railway Company ("SD&AE") and MTS pursuant to the terms of the "Desert Line Lease and Operating Agreement" (the "Lease").

As duly noted in your August 28, 2014 correspondence to PIR, the Lease states in §1.2.3, "Initial Repairs are defined as "those repairs and/or maintenance required to rehabilitate the Desert Line to qualify the Class of Track at a minimum as a Class I Track pursuant to Federal Railroad Administration ("FRA") track safety standards." In preparation of the Initial Repairs, PIR retained the services of JL Patterson & Associates, at an initial cost of \$600,000, to perform such inspections that at a minimum allowed for PIR's contractors to complete work for the Initial Test Train. Although much of the inspection work completed by JL Patterson exceeded the inspections required for the Initial Test Train, short of minimal inspections in the tunnels, most inspection work has been completed to the Initial Test Train goal. We have reached out to Dan Davis, the supervisor of the project for JL Patterson, who is currently working for another company, to assist in facilitating the information requested in your prior correspondence. Contrary to your assessment of the requirements to comply with Class I FRA standards, we believe a significant portion of the Line complies with such standards. By way of example, only several of the Bridges inspected required work to comply with the FRA standards. Additionally, although the Tunnel Condition Review may not be to the extent set forth in your letter of August 28, 2014, we believe that the tunnels comply with the FRA standards and allow for Test Train Operations.

As part of the Track Condition Review, we retained the subcontracted services of Nordco, through JL Patterson, to conduct ultrasonic testing for rail defects which supplied the raw data to both JL Patterson and PIR. Holland conducted track geometry, rail profile, and track gauge strength testing and provided the raw data to both JL Patterson and PIR. Although we still intend to have Nordco, via JL Patterson generate a detailed report on the ultrasonic testing, and Holland to complete track geometry, rail profile, and track gauge strength testing, we are unaware of any testing that essentially prevents PIR from operating the Test Train under the Class I Track Standards of the FRA.

As regards to the Tie Inspections, JL Patterson, to our knowledge did complete the inspections of the railroad ties on the Desert Line, and we are awaiting receipt of the reports from JL Patterson; however have no expectation that such Tie Reports will prevent Test Train Operations.

PIR's railroad operations contain three signaling devices, of which PIR is unaware of any defects and or issues related to their operational status to the extent such status would prevent Test Train Operations.

In an effort to complete the work required for the Test Train, and work required to commence minimal operations for PIR's Trucking and Logistics Plan, various projects are being planned that simultaneously provide for the Test Train while creating an interchange facility to allow trucking on loads and off loads. Contractors have been contacted, who are capable of completing the rehabilitation sufficient to meet the Class I Track Standards as referenced above, which essentially allows for the train to operate at 10 mph. Funds sufficient to cover the expense of the rehabilitation were referenced in a financial credit facility submitted to MTS on or about January 15, 2015. However, concurrent with compliance with the above, PIR has been in negotiations with Baja Railroad in Baja Mexico, in addition to acquiring commitments for a capital infusion sufficient to cover the expenses of an interchange facility to commence limited operations pursuant to the Lease. In an effort to obtain the required commitments for capital, it became necessary for PIR to negotiate with their majority shareholders to accept a proposal from the proposed investor group that would allow for such funding to the benefit of PIR and the regional area.

PIR continues to move forward with its strategy to (a) complete rehabilitation sufficient for the Test Train by October 1, 2015, (b) establish an interchange facility sufficient to commence limited operations with a trucking onload/offload facility by December 15, 2015, (c) negotiate its bi-national rail agreement with Baja Railroad prior to year end, and (d) continue with funding sufficient capital to rehabilitate the Desert Line to meet its obligations as set forth in the Lease.

As the above is being accomplished, Baja Rail has continued to enhance its infrastructure, spending in excess of \$18 million toward bridges, new track, new crossings, and spurs to enhance additional capacity. An inspection of the line, provided to PIR by the principals of Baja Rail demonstrated a substantial commitment to the rehabilitation of the line, which also included the daylighting of the collapsed Tunnel Number 3, which we understood cost upwards of \$4 million and is nearly complete. These improvements by Baja Railroad, and the government of Mexico continue to demonstrate support for a bi-national railroad in the Cali-Baja region. As a result of the dialogue which was facilitated by MTS and commenced during the discussion between PIR, Baja Railroad, MTS, and the Governor of Baja California at the US Consulate in Mexico in December of 2014, we are continuing meetings and open discussions pertaining to a negotiated transaction for a bi-national railroad.

As to the "Hazardous Materials Issues" discussed in your correspondence of August 28, 2015, those issues have been addressed separately by CGS in the attached correspondence from Mr. Josh Brody, President of CGS. We have requested that CGS provide us assistance with the various Hazardous Materials Issues as set forth in your correspondence and should you have additional issues with same, please do not hesitate to contact us for a response.

We look forward to MTS's continued support in the project, in addition to that of the other San Diego and Baja regional groups interested in seeing this railroad re-activated.

Sincerely,

A handwritten signature in black ink, appearing to read "Donald J. Stoecklein", written over a horizontal line.

Donald J. Stoecklein, General Counsel



A Service-Disabled, Veteran-Owned Small Business

March 3, 2015

Pacific Imperial Railroad
401 West A Street, Suite 1150
San Diego, CA 92101
Attn: Donald Stoecklein

Subj: PACIFIC IMPERIAL RAILROAD HAZARDOUS MATERIALS ISSUES

Mr. Stoecklein,

Thank you for requesting information on how CGS can assist Pacific Imperial Railroad (PIR) in meeting strict environmental compliance requirements. Below are each individual issue listed by MTS and our response.

1.) Obtain a valid Unified Program Facility Permit from the County of San Diego Hazardous Materials Division (HMD) for all locations that utilize hazardous materials.

Response: CGS will perform the necessary records review search, interviews, and site visits and complete the application process for PIR in obtaining the required HMD and any other County permits.

2.) Prepare and submit a Hazardous Materials Business Plan for all locations that utilize hazardous materials.

Response: While completing hazardous material and hazardous waste contract work for the DoD, CGS has developed a multitude of Hazardous Material Business Plans which include all NFPA information, GIS layers, inventory of materials, etc.

3.) If PIR believes that a Unified Program Facility Permit and a Hazardous Materials Business Plan are not required, PIR must provide MTS with written justification detailing why these are not.

Response: CGS will perform the necessary records search, interviews, and site visits to determine if a Unified Program Facility Permit and Hazardous Material Business Plan are required. If it is not, we will develop a written justification detailing our findings and rationale for submittal to HMD.



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4.) For all facilities operated by PIR, provide written confirmation that all drums or any other containers with hazardous waste that have been at any site for more than 180 days have been properly disposed of.

Response: CGS will perform an inventory of all hazardous waste at ALL locations and ensure proper containerization, labeling, and disposal of all hazardous waste prior to 180 days.

5.) Provide written confirmation that PIR has obtained professional training on how to properly label and store hazardous waste to prevent the unauthorized disposal of hazardous waste to the environment, and to prevent a fire or explosion.

Response: CGS operates a Training Division that will provide all necessary training to include 8 hour, 24 hour, and 40 hour Hazardous Waste Site Operator, and 40 hour, and 8 hour refresher HAZWOPER training which meets 29 CFR 1910.120 requirements. Each employee will receive a certificate of completion and CGS will provide a training roster and letter outlining type of training and personnel trained to PIR for submittal to MTS.

6.) Provide written confirmation that PIR has implemented proper procedures relating to the labeling, storage, and disposal of hazardous waste at all locations that utilize hazardous materials.

Response: CGS will develop Standard Operating Procedures (SOP) for labeling, storage, and disposal of hazardous waste, and provide a presentation to PIR personnel to ensure widest dissemination.

7.) Provide written confirmation that PIR has obtained professional training for its employees on how to conduct timely and proper inspections to ensure that hazardous wastes, including used oil filters, are properly labeled, stored, and disposed of, and that all facilities are properly maintained.

Response: CGS will provide training to PIR personnel on how to properly perform hazardous waste site inspections and/or provide the service of inspecting all sites operated by PIR to ensure compliance. CGS will provide a training roster and letter outlining type of training and personnel trained to PIR for submittal to MTS.

8.) Provide written confirmation that PIR has obtained professional training for its employees on how to handle, store, and dispose of hazardous materials and hazardous waste and how to properly respond in emergency situations.

Response: CGS will provide training to all PIR personnel requiring the skills to handle, store, label, and respond to emergencies. CGS will provide a training roster and letter outlining type of training and personnel trained to PIR for submittal to MTS.



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9.) Provide written confirmation that PIR has obtained professional environmental audit to confirm that its operations are in accordance with all local, state, and federal environmental laws and regulations.

Response: CGS will perform a detailed audit, annotate any deficiencies, correct all deficiencies, and provide a detailed report of all finding and improvements.

REMEDIATION

The letter from MTS states, "PIR must confirm that the Jacumba Depot property has been remediated to the satisfaction of applicable regulatory authorities.

Response: CGS will perform a Phase I review and site visit to the Jacumba Depot and if the property has not been remediated, CGS will perform a Phase II response, confirmation sampling, backfill, and final reporting. We will also work with the regulatory agencies to ensure proper remediation and site closure.

Furthermore, if you would like a detailed proposal for each task listed above, please let us know at your earliest convenience. If so, we would like to have a pre-proposal meeting to discuss details, priorities, and set expectations.

Lastly, CGS has many years of experience in all of the above and employs personnel that have accomplished all of the tasks outlined above. Many of our staff have worked directly with the County of San Diego HMD on projects at Camp Pendleton, MCAS Miramar, and other locations within the County. A detailed list of qualifications and past performance is available upon request.

Thank you for asking CGS Incorporated to review and potentially assist. Please contact me directly should you have any questions at (760) 651-2247, or via email josh@cgseenv.com.

Kind Regards,

A handwritten signature in black ink, appearing to read "JB", with a stylized flourish.

Josh Brody

President