

California Regional Water Quality Control Board
San Diego Region

THIRD AMENDED¹
ORDER OF PROCEEDINGS
PRE-HEARING CONFERENCES FOR TENTATIVE CLEANUP AND ABATEMENT
ORDER NO. R9-2011-0001

Date: May 18, 2011

To: Distribution List (designated parties and interested persons)

The First Pre-Hearing Conference was held on Monday, September 26, 2005, at the office of the California Regional Water Quality Control Board, San Diego Region (San Diego Water Board). The Second Pre-Hearing Conference was held on December 6, 2005, at the San Diego Water Board office. San Diego Water Board Chairman John Minan, serving as the Presiding Officer, conducted the First and Second Pre-Hearing Conferences on behalf of the San Diego Water Board. The Third Pre-Hearing was held on April 25, 2008 at the San Diego Water Board office. Regional Board Vice Chair David King, serving as the Presiding Officer, conducted the Third Pre-Hearing Conference. A Fourth Pre-Hearing Conference was conducted by Chair King and the San Diego Water Board during a regular meeting on July 14, 2010. The pre-hearing conferences were properly noticed and open to and attended by the public. Audio tape recordings of the pre-hearing conference proceedings were made. Grant Destache, Chair of the San Diego Water Board, succeeded David King as Presiding Officer for Pre-Hearing Proceedings upon Mr. King's departure in September 2010.

Additional pre-hearing conferences may be convened.

The primary goal of the Pre-Hearing Conferences is to ensure that the future hearing(s) in this matter proceed in an orderly manner. At the Pre-Hearing Conferences, there has been no discussion of the merits of any provisions of the tentative cleanup and abatement orders.

The Second Amended Order of Proceedings, issued May 2, 2008,² reflects the nature of the discussions and agreements that had occurred at the second and third Pre-Hearing Conferences and contains certain procedural decisions by the Presiding Officer. Rulings by the Presiding Officer contained in Paragraphs 1 and 2 and 4 through 13 of both the Second and this Third Order are final, subject to clarification as necessary by the

¹ A redline/strikeout version of the Third Amended Order of Proceedings showing changes from the Second Amended Order of Proceedings is available on the San Diego Water Board's website.

² All relevant orders, stipulations and other documents prepared by or received by the Cleanup Team or the Advisory Team are available on the San Diego Water Board's website.

Presiding Officer and otherwise subject only to discretionary review by the San Diego Water Board.³

Attendees at the First Pre-Hearing Conference for the recommended and prospective designated parties included the following representatives:

Jim Dragna – Bingham McCutchen LLP (BP West Coast Products)
David Mulliken – Latham and Watkins LLP (NASSCO)
Kelly Richardson – Latham and Watkins LLP (NASSCO)
Vincent Gonzales – Sempra Energy (SDG&E)
Chris McNevin – Pillsbury, Winthrop, Shaw & Pittman LLP (Chevron USA)
Tim Miller – City of San Diego
Chris Zirkle – City of San Diego
Marco Gonzales – Environmental Health Coalition & San Diego Bay-Keeper
David Merk – Port of San Diego
Jim Mathison – Daley & Heft LLP (San Diego)
Shaun Halvax – BAE Systems
Lloyd Schwartz – BAE Systems
David Silverstein – U.S. Navy
Tom Fetter – San Diego Port Tenants Association
Craig Anderson – Industrial Environmental Association
John Richards – Regional Board Cleanup Team

Attendees at the Second Pre-Hearing Conference for the Designated Parties included the following representatives:

David Silverstein – U.S. Navy
Lloyd Schwartz – BAE Systems
Shaun Halvax – BAE Systems
David Mulliken – Latham and Watkins LLP (NASSCO)
Kelly Richardson – Latham and Watkins LLP (NASSCO)
Lance McVey—NASSCO
Mike Chee—NASSCO
Tom Mulder—TN Assoc. (SDG&E)
Barbara Montgomery—SDG&E
Chris Zirkle—City of San Diego
Tim Miller—City of San Diego
Mark Elliot-- Pillsbury, Winthrop, Shaw & Pittman LLP (Chevron USA)
Marco Gonzalez—EHC
Laura Hunter—EHC
Paul Brown—Port of San Diego
Jim Mathison—Daley and Heft LLP (Port of San Diego)
John Richards—Regional Board Cleanup Team

³ Changes for clarification purposes were been made to Paragraphs 2, 4, 5 and 12 as between the First and Second Amended Orders of Proceeding. Further changes for clarification purposes have been made to Paragraphs 1, 2, 4, 5, 8, 9, 12 and 13 as between the Second and Third Amended Orders of Proceedings.

Attendees at the Third Pre-Hearing Conference for the Designated Parties included the following representatives:

BAE Systems Ship Repair Inc.

Shaun Halvax

Lloyd Schwartz

Robert Longstreh, DLA Piper LP

Michael Tracy, DLA Piper LP

BP West Coast Products LLC

Michael McDonough, Bingham McCutchen LLP

Chevron USA, Inc.

Amy Gaylord, Pillsbury Winthrop Shaw Pittman LLP

City of San Diego

Ruth Kolb

Kris McFadden

Frederick Ortlieb

Richard Haimann, MWH

Environmental Health Coalition & San Diego Coastkeeper

Marco Gonzalez, Coast Law Group LLP

Gabe Solmer, San Diego Coastkeeper

Marine Construction and Design Company/Campbell Industries, Inc.

No representatives present.

National Steel and Shipbuilding Company

Christopher Barnes

Mike Chee

Scott Koreski

Ashley Coreen, Latham & Watkins LLP

David Mulliken, Latham & Watkins LLP

Kelly Richardson, Latham & Watkins LLP

San Diego Water Board Cleanup Team

David Barker

Craig Carlisle

Lisa Honma

Alan Monji

Ben Tobler

Erik Spiess, State Water Resources Control Board, Office of Enforcement

San Diego Gas & Electric Company

Jill Tracy

Pete Nyquist, Weston, Benshoof, Rochefort, Rubalcava & MacCuish LLP

San Diego Port Tenants Association

Richard Cloward

San Diego Unified Port District

Leslie FitzGerald

Bill Brown, Brown & Winters LLP

Sandi Nichols, Allen, Matkins, Leck, Gamble, Mallory & Natsis LLP

U.S. Navy

Nate Cushman

David Silverstein

Len Sinfield

The following is a summary of significant procedural developments since the Third Pre-Hearing Conference on April 25, 2008 and issuance of the Second Amended Order of Proceedings on May 2, 2008:

Settlement and Mediation

Following the Third Pre-Hearing Conference, the Designated Parties participated in limited settlement discussions with then-Presiding Officer King's participation. On June 9, 2008, Presiding Officer King referred the proceedings to mediation at the request of most Designated Parties and without objection by any party. Initially referred for a 90-day period, mediation and a stay of the proceedings continued based upon successive requests for extension until Mr. King terminated the formal mediation on July 14, 2010. (See Order dated July 16, 2010.) On September 9, 2009, the Environmental Parties withdrew from the mediation.

Updates to Designated Party Identification and Contact

Since the Third Pre-Hearing Conference, there have been numerous updates to the Designated Party Contact list maintained by the Advisory Team. These updates include but are not limited to identification of David Gibson, now San Diego Water Board Executive Officer, and Christian Carrigan of the State Water Board's Office of Enforcement, as members of the Cleanup Team. With the release of the Tentative CAO No. R9-2011-0001 (hereafter TCAO) and its associated Draft Technical Report (hereafter DTR) on September 15, 2010, superseding prior versions of the tentative cleanup and abatement order (CAO) and draft technical report, Star & Crescent Boat Company (Star & Crescent) was first identified by the Cleanup Team as a discharger responsible for cleanup under the proposed order. Star & Crescent became a Designated Party to the proceeding upon the release of the updated TCAO (see Cal. Code Regs., tit. 23, § 648.1(a)) and was recognized by the Presiding Officer as a Designated Party in October

2010 (see Order dated October 27, 2010). Star & Crescent's representatives are Suzanne Varco and Sarah Brite Evans. The current Designated Party primary contact list maintained by the Advisory Team is available on the San Diego Water Board's website.

TCAO/DTR Iterations

On October 8, 2009, the Presiding Officer issued an order directing the Cleanup Team to release a revised version of tentative CAO No. R9-2005-0126 and associated draft technical report on or before October 30, 2009, with comments to be due on or before January 28, 2010. He also struck "all provisions of the Second Amended Order of Proceedings that conflict with this Order." While the particular conflicting provisions were not specifically identified, it is not necessary to do so at this time because the applicable procedural schedule for the remainder of the proceedings is memorialized in this Third Amended Order of Proceedings.

In compliance with directives issued in 2009, the San Diego Water Board Cleanup Team released tentative CAO No. R9-2010-0002 and its associated draft technical report on December 22, 2009 (hereafter December 2009 tentative CAO). The December 2009 tentative CAO was superseded by the current TCAO/DTR, released September 15, 2010. A redline/strikeout version of the TCAO was released on October 21, 2010. The Cleanup Team also released a complete electronic update to the Administrative Record and a redline/strikeout version of the DTR showing revisions from the December 2009 draft technical report on November 5, 2010.

Discovery

While Designated Parties participating in mediation may have engaged in informal discovery, the Presiding Officer notified the parties they could initiate formal discovery on the December 2009 tentative CAO upon its release in late 2009. (See Orders dated October 15 and October 27, 2009.) Discovery on the updated order originally was to be completed on or before February 22, 2010. The Designated Parties and the mediator sought and obtained an extension of the discovery period through August 23, 2010. (See Order dated January 29, 2010.) A Final Discovery Plan, developed through proposals by Designated Parties and memorializing the extension, was issued February 18, 2010.

Approaching the August 23, 2010, discovery cut-off in the Final Discovery Plan, the Cleanup Team filed a motion to request further extension of the discovery period. The motion included an alternative request for reconsideration by a quorum of the San Diego Water Board. A Fourth Pre-Hearing Conference, which all Designated Parties and the public were invited to attend, was held on July 14, 2010. At the Fourth Pre-Hearing Conference, the San Diego Water Board affirmed the Presiding Officer's decision to deny the request for an additional extension in which he cited extensive delays in the proceeding to date. On August 9, 2010, the Designated Parties stipulated among themselves under California Code of Civil Procedure section 2024.060 to a further extension of the discovery period and engaged Timothy Gallagher as discovery referee during the extended period, with authority to make final decisions subject to discretionary

review, upon request, by the Presiding Officer. Pursuant to the stipulation, Designated Parties agreed, among other things, to extend the written discovery period up to and including September 26, 2010, and all other discovery including depositions and expert reports up to and including October 26, 2010, subject to certain limitations.

On September 15, 2010, the Cleanup Team released the TCAO/DTR, superseding all prior versions. Among other changes, the TCAO/DTR for the first time in the proceeding identified Star & Crescent and the Unified Port District of San Diego (Port District) as responsible parties for the discharges subject to cleanup.

Following a request by the Port District, Presiding Officer Destache reopened and extended the discovery schedule through March 11, 2011, subject to limited scope. Designated Parties were permitted to take additional discovery against the Cleanup Team limited to revisions to the TCAO/DTR as released September 15, 2010 compared to the prior version of the documents. The Port District was permitted to take discovery against former and/or current tenant Dischargers in an attempt to determine whether any or all have sufficient resources to clean up the Shipyard Sediment Site pursuant to the TCAO to support an argument that the San Diego Water Board should find the Port District secondarily responsible under a final order.⁴ (See Order dated October 27, 2010.) The discovery period, which began in late December 2009, concluded for all purposes on March 11, 2011.

California Environmental Quality Act Process

In an Order directing release of an updated tentative cleanup order and draft technical report by late 2009, then Presiding Officer King also directed the Cleanup Team to begin the California Environmental Quality Act (CEQA) scoping process concurrent with the draft order's release "[i]f the draft revised Cleanup and Abatement Order proposes San Diego Water Board approval of remedial or other activities requiring evaluation under the [CEQA]" (Order dated October 8, 2009; see also, Orders dated October 15 and October 27, 2009.) Based upon proposed remedial actions first included in the 2009 tentative order and draft technical report, the Cleanup Team concluded that it would be necessary for the San Diego Water Board to certify and environmental impact report (EIR) prior to adoption of the proposed sediment cleanup order. The Cleanup Team held a CEQA scoping meeting in January 2010 and commenced the preparation of a DEIR.

At its public meeting on September 8, 2010, the San Diego Water Board denied a motion filed by NASSCO requesting a determination that the TCAO is exempt from CEQA. The

⁴ The September 15, 2010 DTR states: "Although the Port District is a public government entity, and there is no evidence in the record that the Port District initiated or contributed to the actual discharge of waste to the Shipyard Sediment Site, it is nevertheless appropriate to name the Port District as a discharger in the CAO to the extent that the Port's tenants, past and present, have sufficient financial resources to clean up the Shipyard Sediment Site and comply with the order, then the San Diego Water Board may modify its status to secondarily responsible party in the future." (DTR, p. 11-5.) The Presiding Officer noted that "[t]he Port District is entitled to make such an argument *before*, not only after, adoption of a final Cleanup and Abatement Order in this proceeding." (Order dated October 27, 2010, p. 3.)

San Diego Water Board noted that it will make a final CEQA determination when it approves a final Cleanup and Abatement Order for this matter. The San Diego Water Board also endorsed the Cleanup Team's approach of preparing an EIR and directed the Cleanup Team to continue seeking necessary funds from the State Water Board's Cleanup and Abatement Account to begin preparation of the EIR for the Board's later consideration. (See San Diego Water Board Resolution No. R9-2010-0115.) The Cleanup Team has provided regular updates on the development of the DEIR to the San Diego Water Board through the Executive Officer Summary Reports included with agenda packages for regular board meetings.

Initiation of the parallel CEQA process was not contemplated under the First or Second Amended Orders of Proceeding and so introduces a new set of procedural milestones for inclusion in Paragraph 3 of this Order.

Despite the developments described above, Paragraphs 1, 2, and 4-12, below, as they appeared in the Second Amended Order of Proceedings, are affirmed largely without substantive change, but with certain clarifications and modifications for accuracy and consistency. The deadlines and milestones contained in Paragraph 3 have been modified as a result of successive procedural orders to reflect reconsolidation of the Cleanup Levels and Liability Stages and to incorporate procedural schedules based upon input from the Designated Parties through written comments.

The topics addressed in the Pre-Hearing Conferences and the respective discussions, agreements, and decisions are as follows:

1. Executive Officer's Participation on the Advisory Team.

The Presiding Officer considered motions objecting to participation by John Robertus, the San Diego Water Board Executive Officer, as a member of the Advisory Team for the San Diego Water Board. (See memorandum from John Robertus dated June 30, 2005 that describes the separation of staff into an Advisory Team and a Cleanup Team for this proceeding.)

The Presiding Officer placed Mr. Robertus under oath, permitted the parties to examine Mr. Robertus about his involvement in the development of the tentative CAO, his views regarding the need for cleanup of contaminated sediments, and related matters. Mr. Robertus testified that he would be able to provide advice to the Board in an open, unbiased manner based solely on the record and testimony to be presented. No substantial evidence was presented to warrant disqualifying action.

As a result of Mr. Robertus' testimony and his response to questions, the Presiding Officer has determined that Mr. Robertus has not been personally involved in the investigation, prosecution, or advocacy roles of the staff to any extent that would preclude his involvement as a neutral advisor to the San Diego Water Board. The Presiding Officer has further determined that Mr. Robertus has

not developed any biases that would prevent him from providing neutral advice to the San Diego Water Board in this matter.

The Presiding Officer, therefore, determined that Mr. Robertus may continue to participate on the Advisory Team. The Presiding Officer has determined that Mr. Robertus shall provide all technical, scientific, and policy advice to the San Diego Water Board in public meetings or in correspondence copied to all of the parties.

David Gibson succeeded Mr. Robertus as Executive Officer in late 2009, but due to his prior involvement in the Cleanup Team, Mr. Gibson does not serve on the Advisory Team. Assistant Executive Officer James Smith succeeded Michael McCann as senior management serving on the Advisory Team in early 2010. Mr. Gibson prepared an updated Separation of Functions memorandum reflecting changes to the San Diego Water Board staffing of the Cleanup Team and Advisory Team in June 2010.

2. Designation of Parties.

The First Pre-Hearing Conference provided an opportunity for persons seeking designated party status to address the Presiding Officer. The Presiding Officer waived the strict applicability of Government Code Section 11440.50. (See Government Code Section 11440.50(a) and Title 23, California Code of Regulations, Section 648(d).) The Presiding Officer is applying Title 23, California Code of Regulations, Section 648.1.

The Presiding Officer determined that the San Diego Water Board Cleanup Team is a Designated Party.

The Presiding Officer also considered requests from five persons requesting Designated Party status. Persons requesting Designated Party status submitted written requests and were provided the opportunity to address the Presiding Officer. All Designated Parties were provided the opportunity to comment on each request by persons seeking Designated Party status.

The Presiding Officer determined that the interests of justice and the orderly and prompt conduct of the proceedings will not be impaired by allowing the Bay-Keeper (now named San Diego Coastkeeper), the Environmental Health Coalition, and the San Diego Port Tenants Association to be Designated Parties. These entities are representative advocacy groups with a history of involvement in similar types of issues. The interests of their members that may be affected by this proceeding are, to some extent, different from the interests of the other Designated Parties. Therefore, the benefits to be derived from their participation outweighs the burdens. The San Diego Bay-Keeper (now named San Diego Coastkeeper), the Environmental Health Coalition, and the San Diego Port Tenants Association were granted Designated Party status.

The Industrial Environmental Association and the Port of San Diego Ship Repair Association were denied Designated Party status. These entities' interests are adequately represented by having some of their members participate as Designated Parties. Moreover, their participation as Designated Parties may impede the orderly and prompt conduct of the hearing. To the extent that the San Diego Port Tenants Association desires to continue to collaborate with these entities, they may, of course, continue to do so. Otherwise, the participation of the Industrial Environmental Association and the Port of San Diego Ship Repair Association is limited to that of interested persons. They may present non-evidentiary policy statements, but may not present evidentiary testimony.

The Advisory Team's proposal to designate the San Diego Bay Council as a Designated Party was rejected in the First Amended Order of Proceedings. The request for this designation was withdrawn by the Coast Law Group on behalf of the San Diego Bay Council in their correspondence of September 20, 2005.

As of April 25, 2008, the Designated Parties for the proceeding are as follows:

1. BAE Systems San Diego Ship Repair, Inc. (formerly Southwest Marine, Inc.)
2. National Steel and Shipbuilding Company (NASSCO)
3. San Diego Gas & Electric Company, a subsidiary of Sempra Energy Company
4. Chevron USA, a subsidiary of Chevron Texaco
5. BP, the parent company of and successor to Atlantic Richfield Co. (ARCO)
6. U.S. Department of the Navy
7. City of San Diego
8. Marine Construction and Design Company / Campbell Industries, Inc.
9. San Diego Unified Port District
10. San Diego Coastkeeper (formerly San Diego Baykeeper)
11. Environmental Health Coalition
12. San Diego Port Tenants Association
13. San Diego Water Board Cleanup Team

14. Star & Crescent Boat Company*

*On September 15, 2010, the Cleanup Team identified Star & Crescent Boat Company as a discharger in the TCAO/DTR. Therefore, Star & Crescent Boat Company is an additional Designated Party for the proceeding.

3. The Proposed Order of Proceeding

Based upon input solicited from Designated Parties on proposed procedural schedules for the remainder of the proceeding, taking into account earlier-determined procedures, the Presiding Officer establishes the following schedule and process. The schedule and process may be revisited whenever the Presiding Officer deems appropriate. Designated Parties and Interested Persons will be timely notified of any modifications to deadlines for submittal of materials herein. Any Designated Party may request an extension of the schedule or a revision to the process. All such requests shall include specific reasons why the existing

schedule and process are insufficient and a specific explanation about how the Designated Party intends to take advantage of the requested additional time or revised process. Any extensions or revisions shall be in the sole discretion of the Presiding Officer.

The following narrative describes the various phases of the schedule and process to be followed. For the convenience of the reader, Appendix A to this Order provides a chronological outline of the phases and now also includes the procedural schedule for the remainder of the proceeding.

Phase I: The First Pre-Hearing Conference was conducted on Sept. 26, 2005. The Second Pre-Hearing Conference was conducted on December 6, 2005.

Phase II: The Cleanup Team was directed to distribute to all Designated Parties a Technical Report that supported the proposed issuance of the first version of the tentative CAO (R9-2005-0126). In addition, the Cleanup Team was directed to identify, index, and make available to all Designated Parties all directly relevant technical information related to the Tentative CAO and Technical Report. The Cleanup Team was also directed to investigate the feasibility of converting the technical information into a digitized, electronic format to facilitate the Designated Parties' review, and report back to the Advisory Team on its proposed course of action.

The directives in Phase II were completed and Phase III commenced on April 4, 2008. (See Order dated April 4, 2008.) The Cleanup Team distributed hard drives containing an indexed electronic record for the proceeding to each of the Designated Parties and posted a revised technical Report and tentative cleanup and abatement order on the San Diego Water Board website on that date. . After providing the Advisory Team with information about various electronic record search mechanisms, the Advisory Team notified the Designated Parties of the selected method by Memorandum dated May 20, 2008.

The Cleanup Team released the TCAO/DTR on September 15, 2010, replacing the December 2009 tentative CAO. The Cleanup Team posted to the San Diego Water Board website a redline/strikeout version of the TCAO showing the revisions from the December 2009 tentative CAO on September 27, 2010, and posted a redline/strikeout version of the DTR on November 10, 2010.

Phase III: The Third Pre-Hearing Conference was conducted on April 25, 2008. The Second Amended Order of Proceedings cited interest in promoting prompt resolution of this proceeding as a basis for bifurcating Phase III into two stages: the Cleanup Levels Stage and the Liability Stage. Subsequent developments have resulted in re-consolidation of the Cleanup Levels and Liability stages.⁵ They are

⁵ The Presiding Officer also made clear on several occasions that while allocation of responsibility among the Designated Parties is desirable, it is not an issue in which the San Diego Water Board should or intends to involve itself. (See, e.g., Order dated October 8, 2009.)

no longer bifurcated and will be considered and decided upon together. Therefore it is no longer necessary to retain Phase III as a separate Phase of the proceeding. The procedural milestones previously covered under Phase III are now subsumed into Phase V. Thus, Phase III effectively is now completed.

Phase IV: The Designated Parties were permitted to commence formal discovery, including depositions, in late 2009. After multiple extensions, all discovery by Designated Parties was completed by March 11, 2011. Submittal of evidence and comments previously provided for under Phase IV is now provided for in Phase V, below. Thus, Phase IV is completed.

Phase V.A. TCAO/DTR Process:

On March 30, 2011, the Advisory Team solicited input from the Designated Parties on a proposed procedural schedule, including CEQA compliance, for the remainder of the proceeding. The Presiding Officer considered written comments on all aspects of the proposed procedural schedule and on April 12, 2011, issued a Notice of Opportunity for Designated Parties to Submit Comments, Evidence and Legal Argument and for Interested Persons to Submit Non-Evidentiary Comments on the TCAO/DTR. Noting that the Designated Parties have had access to the TCAO/DTR since their release on September 15, 2010 (and access to earlier versions prior to that), the Notice provides Designated Parties other than the Cleanup Team **44** days from the date of the Notice in which to submit comments, legal argument and evidence (due no later than **5 p.m. on May 26, 2011**). (See Notice dated April 12, 2011).

Designated Parties other than the Cleanup Team have **28** days in which to submit rebuttal evidence, legal argument and reply comments (due no later than **5 p.m. on June 23, 2011**) (see Notice of Extended Comment Period dated May 12, 2011). Interested Persons may submit non-evidentiary policy statements under the time frames applicable to Designated Parties other than the Cleanup Team. Designated Parties and Interested Persons must follow the comment format attached to the May 12, 2011, Notice and included as Appendix B to this Third Amended Order of Proceedings.

The Cleanup Team shall have **61** days to consider all of the evidence and comments submitted under this Phase V.A and submit a Response to Comments (due no later than **5 p.m. August 23, 2011**). Any proposed revisions to the TCAO/DTR as a result of Response to Comments will be made concurrently with changes made as a result of written comments on the Draft Environmental Impact Report (DEIR), due **45 days** following the deadline for written comments on the DEIR (see Phase V.B., below), or no later than **5 p.m. on September 15, 2011**. The Cleanup Team should not submit any new evidence in Phase V. If in preparing Response to Comments, the Cleanup Team believes the submittal of new evidence is warranted, it may request the opportunity to do so. If new evidence is permitted, the Presiding Officer will consider whether to allow additional limited comments by other Designated Parties.

In addition, the Designated Parties, including the Cleanup Team, shall collaborate to the extent feasible to provide a written summary of all continuing areas of disagreement no later than **5 p.m. on September 30, 2011**.

Phase V.B. CEQA Process:

In periodic written and oral updates to the San Diego Water Board, the Cleanup Team stated it intends to release a DEIR for public comment on June 17, 2011. Upon release of the DEIR, the Cleanup Team shall notice a **45** day public comment period (written comments due no later than **5 p.m. on August 1, 2011**). The Cleanup Team shall have **45 days** from the comment deadline in which to prepare and release the Final EIR (FEIR) (incorporating responses to comments on the DEIR), on or before **September 15, 2011**.

Phase VI: There will be a minimum 45-day public notice prior to the hearing scheduled before the San Diego Water Board and a minimum 30 day written public comment period on revisions to the TCAO/DTR and FEIR released by the Cleanup Team on or before September 15, 2011. The hearing notice will specify whether the San Diego Water Board will accept hearing briefs from Designated Parties and/or written non-evidentiary policy statements from Interested Persons. No further written materials will be accepted from Designated Parties, excluding the Cleanup Team, or from Interested Persons, except as described in Phases VII and VIII, below. If the public hearing notice provides for Designated Party hearing briefs or Interested Person non-evidentiary policy statements, the Cleanup Team will be permitted to submit a response, which may not contain any new evidence, to these hearing briefs and comments.

Phase VII: The San Diego Water Board will then conduct a hearing on **November 15 and November 16, 2011**. **Designated Parties and Interested Persons are on notice that the public hearing notice *may* also identify November 14, 2011, as an additional hearing day and should plan accordingly.** The format of the hearing generally will follow the order set forth in section 648.5 of Title 23 of the California Code of Regulations. However, the primary purpose of the hearing is to receive comments from the public and summaries of the previously-submitted evidence and comments by the Designated Parties. Due to the extensive discovery period afforded the Designated Parties in this matter, including the ability to take deposition testimony, and the opportunity for unlimited comments, evidence and legal argument as well as reply/rebuttal to same, the San Diego Water Board intends to limit live cross-examination by Designated Parties. The primary purpose of the hearing is to receive comments from the public and summaries of the previously-submitted evidence and comments by the Designated Parties. No new evidence will be admitted at the hearing, subject to the Presiding Officer's discretion. Also, the Presiding officer will not allow the introduction of new or additional evidence following the close of the hearing.

Phase VIII: The San Diego Water Board will subsequently conduct a non-evidentiary meeting at its regular meeting on **December 14, 2011**, to consider certification of the FEIR and whether to adopt, modify, or reject the Cleanup Team's final TCAO. Brief public comments will be allowed on the proposed changes, if any, to the revised TCAO/DTR and FEIR. No new or additional evidence will be admitted at this meeting. However, the San Diego Water Board may direct questions to any of the Designated Parties.

4. General Requirements for the Submittal of Documents.

The Advisory Team shall be responsible for receiving and maintaining all documents and electronic submissions submitted by Designated Parties and Interested Persons that comprise the administrative record for this proceeding, and shall, to the extent feasible, post them on the San Diego Regional Board website (<http://www.waterboards.ca.gov/sandiego/>).

In order to facilitate the development of the administrative record, all documents submitted by the Designated Parties shall be provided to the Advisory Team in an electronically digitized, text searchable Adobe PDF file format. The documents shall also follow the specific format contained in Appendix B to this Order to facilitate the review of submitted comments and the development of responses to comments. In addition, an authorized representative for the Designated Parties shall submit a signed paper copy certification that the electronic submittal is a true and accurate copy of the submitted signed original.

The Designated Parties shall also provide 12 hard copies of all submissions to the Advisory Team and shall simultaneously distribute electronic versions of all submissions to the complete list of Designated Parties.

5. Identity of Additional Responsible Parties.

It was appropriate to allow identification of additional potential responsible parties as dischargers concurrent with the Cleanup Team's September 15, 2010, release of the TCAO/DTR. The Cleanup Team for the first time identified the Port District and Star & Crescent as dischargers, although the Port District was previously identified as a Designated Party. The Presiding Officer recognized Star & Crescent as a Designated Party on October 27, 2010 and extended the discovery period to provide an adequate opportunity for Star & Crescent to take discovery and participate in this proceeding. The Port District was also permitted to engage in discovery of financial resources of former and present tenants. All of the Designated Parties (with the exception of the Environmental Health Coalition, the San Diego Coastkeeper, the San Diego Port Tenants Association, and the Cleanup Team) were and are on notice that they may ultimately be found by the San Diego Water Board to be responsible for compliance with the Cleanup and Abatement Order. There will be no final determination regarding which parties are responsible for compliance prior to the San Diego Water Board's adoption of a final Cleanup and Abatement Order.

6. Removal of Additional Responsible Parties.

In order to conserve the resources of the San Diego Water Board and the remaining Designated Parties, there will not be a separate summary process for Designated Parties to request to be removed from further consideration as a potential responsible party under the Tentative CAO proposed by the Cleanup Team.

7. Consideration of creating a comprehensive list of contested issues of fact and law.

The Presiding Officer directed the Designated Parties to establish a list of contested material issues of fact and law. This shall occur in accordance with the provisions of Paragraph 3, Phase V.A. above, after the Cleanup Team has responded to comments, evidence and legal argument.

8. The length and date of the hearing(s).

The Presiding Officer determined that the Designated Parties, the San Diego Water Board, and the public have been provided a substantial and reasonable amount of time to review and comment on the TCAO and DTR, as well as on earlier versions, and to review and reply to comments submitted by all parties. The Designated Parties have engaged in a lengthy discovery process and have had extensive opportunities to take deposition testimony. Because of the limited time to speak and present information at the hearing and the above limitation on the submission of new evidence at the hearing, the parties should be prepared to focus primarily on advanced written submissions of testimony and evidence. The parties should similarly expect that the opportunity for live cross-examination during the hearing will be limited, and should therefore take advantage of the discovery process to conduct reasonable cross-examination of witnesses. The San Diego Water Board will hold two full days of evidentiary hearing on **November 15 and 16, 2011**. As indicated in Paragraph 3, Phase VII, above, Designated Parties and Interested Persons are on notice that the San Diego Water Board may schedule an additional day of hearing on November 14, 2011 and should plan accordingly. The specific dates will be included in the Notice of Hearing and Public Comment Period issued in mid September, 2011.

9. Location of the hearing.

The hearing may be conducted at the San Diego Water Board or at a facility in the vicinity of the cleanup site if reasonable arrangements can be made for a suitable site. The final locations for the November hearing dates will be specified in the Notice of Public Hearing and the final location for the December 14, 2011 board meeting will be specified in the agenda notice for that meeting.

10. Participation by non-English speaking persons.

All parties should be aware that non-English speaking persons may be in attendance at the hearing and allowance for translation should be considered.

11. Logistics for the workshops, tours, and other methods for providing background information to the Board Members and the public.

The Presiding Officer does not anticipate any Board Member tours of the proposed cleanup site because of the difficulties inherent in creating a clear record, preventing ex parte communications, and providing for complete public access.

12. Designated Parties Contacts, Organizations, E-mail Address, and Regular Mail Address.

All Designated Parties shall submit in writing to the Advisory Team any revision to the contact information consisting of the organization representative, email address, and regular mail address. The Advisory Team shall maintain a current distribution list on the San Diego Water Board website.

13. Service to San Diego Water Board Advisory Team:

Frank Melbourn, Water Resource Control Engineer
San Diego Regional Water Quality Control Board
9174 Sky Park Court, Suite 100
San Diego, California 93123
fmelbourn@waterboards.ca.gov.

14. Pre-Hearing Conferences.

The Presiding Officer may schedule additional pre-hearing conferences as needed.



GRANT DESTACHE
Presiding Officer of the Pre-Hearing Conference and
Chair, SDRWQCB

5/18/2011
DATE

Attachments

- Appendix A Procedural Schedule and Timeline
- Appendix B Format for Written Submittals

Appendix A

TCAO / DTR Process

April 12 2011	May 26 2011	June 23 2011	Aug. 23 2011	Sep. 15 2011	Sep. 30 2011	Oct. 17 2011	Nov. 15 & 16 (possibly 14 th) 2011	Dec. 14 2011
44 days		28 days	61 days		23 days	15 days	28 days	
Comments, Legal Arguments & Evidence on TCAO/DTR		Reply Comments, Rebuttal Evidence & Argument	Cleanup Team Response to Comments		Proposed Revisions to TCAO/DTR	Written Sum. Areas of Disagreement	Hearing (2 days) [possibly 3] Non-Evidentiary Meeting to Consider TCAO/DTR	
						~32 days		
						Written Public Comment Period on Proposed Revisions to TCAO/DTR		
						~61 days		
						Notice of Public Hearing		

CEQA Process

June 17 2011	Aug. 1 2011	Sep. 15 2011	Oct. 17 2011	Nov. 15 & 16 (possibly 14 th) 2011	Dec. 14 2011
45 days		45 days	~32 days	28 days	
Public Comment		Prepare & Release Final EIR	Written Public Comment Period on Final EIR	Hearing (2 days) [possibly 3] Non-Evidentiary Meeting to Certify EIR	
			~61 days		
			Notice of Public Hearing		

APPENDIX B¹
COMMENT FORMAT
SAN DIEGO BAY SHIPYARD SEDIMENT SITE

INSTRUCTIONS: Written submittals by Designated Parties to the Tentative Cleanup and Abatement Order No. R9-2011-0001 proceeding (TCAO) Proceeding, excluding the San Diego Water Board Cleanup Team, and written submittals by Interested Persons shall follow the appropriate format below:

Designated Parties to the proceeding shall provide the following information on the cover page of their submittal:

Designated Party Name:	_____
Represented by Representative Company/Agency:	_____
Representative Street Address:	_____
City, State, Zip Code:	_____
Phone Number:	_____
Email Address:	_____

Designated Parties shall:

- (1) summarize each comment/argument clearly and concisely in the form of a heading or subheading within its comment document/brief; and
- (2) follow each heading or subheading with a citation to the finding or directive in the TCAO to which it applies, followed by a specific reference to a section or subsection and/or page number of the Draft Technical Report, one of its appendices and/or a document in the administrative record.

To the greatest extent possible, Interested Persons must reference findings or directives of the TCAO and/or references to sections or page numbers in the Draft Technical Report in their non-evidentiary policy statements. **Interested Persons are on notice that their written submittals, including any personal information they choose to include such as address, e-mail address or telephone number, will be posted on the San Diego Water Board's website and made part of the public record in this matter.**

¹ This Appendix B, Comment Format, is identical to Appendix A to the May 12, 2011 Notice of Extended Comment Period.