Training Proposal for:
Pavement Recycling Systems, Inc.
Agreement Number: ET17-0228

Panel Meeting of: September 23, 2016
ETP Regional Office: San Diego
Analyst: H. Bernard

PROJECT PROFILE

<table>
<thead>
<tr>
<th>Contract Attributes:</th>
<th>Priority Rate Retraine</th>
<th>Industry Sector(s):</th>
<th>Construction</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Priority Industry: Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Counties Served:</th>
<th>Riverside, San Diego, Sacramento, San Bernadino, Repeat Contractor:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Union(s):</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Construction Laborers Union Local 1184; International Union of Operating Engineers - Local 12</td>
<td></td>
</tr>
</tbody>
</table>

|-------------------------|---------|-----------|----------------|

<table>
<thead>
<tr>
<th>Turnover Rate:</th>
<th>6%</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Managers/Supervisors: (% of total trainees)</th>
<th>4%</th>
</tr>
</thead>
</table>

FUNDING DETAIL

<table>
<thead>
<tr>
<th>Program Costs</th>
<th>(Substantial Contribution)</th>
<th>(High Earner Reduction)</th>
<th>= Total ETP Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>$124,110</td>
<td>$0</td>
<td>$0</td>
<td>$124,110</td>
</tr>
</tbody>
</table>

In-Kind Contribution: 100% of Total ETP Funding Required $266,385
TRAINING PLAN TABLE

<table>
<thead>
<tr>
<th>Job No.</th>
<th>Job Description</th>
<th>Type of Training</th>
<th>Estimated No. of Trainees</th>
<th>Range of Hours</th>
<th>Average Cost per Trainee</th>
<th>Post-Retention Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Retraining Priority Rate</td>
<td>Business Skills, Commercial Skills, Continuous Improv</td>
<td>197</td>
<td>8-200 0</td>
<td>$630</td>
<td>$15.60</td>
</tr>
</tbody>
</table>

Minimum Wage by County: $15.60 in Riverside, Kern and San Bernardino Counties; $16.10 in Sacramento County; $16.46 in San Diego County

Health Benefits: ☑ Yes ☐ No This is employer share of cost for healthcare premiums – medical, dental, vision.

Used to meet the Post-Retention Wage?: ☑ Yes ☐ No ☐ Maybe

Although employer provides health benefits, they are not being used to meet Post-Retention Wage.

Wage Range by Occupation

<table>
<thead>
<tr>
<th>Occupation Titles</th>
<th>Wage Range</th>
<th>Estimated # of Trainees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operators</td>
<td></td>
<td>102</td>
</tr>
<tr>
<td>Project Manager</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>Sales Staff</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>Superintendents</td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>Project Coordinator</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>Laborers</td>
<td></td>
<td>42</td>
</tr>
<tr>
<td>Foreman</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>Mechanic</td>
<td></td>
<td>11</td>
</tr>
<tr>
<td>Estimator</td>
<td></td>
<td>10</td>
</tr>
</tbody>
</table>

INTRODUCTION

Formed in 1989 and headquartered in Jurupa Valley, Pavement Recycling Systems, Inc. (PRS) (www.pavementrecycling.com) offers sustainable rehabilitation and preservation strategies for every phase of the asphalt pavement structure lifecycle, specializing in highway and road reconstruction and maintenance. Since its inception, the Company has acquired nine companies to either increase market share or expand into new markets. Six of the Company's subsidiaries will participate in the proposed training plan: PRS Jurupa Valley; PRS San Diego; PRS Bakersfield; PRS Sacramento; Reclaimed Aggregates located in Colton; RAI Chula Vista located in San Diego, and Pavement Coatings Co. co-located at PRS headquarters in Jurupa Valley. The business operations of these affiliates are tightly integrated with PRS.

Pavement Coatings Co. operates as a prime contractor on many projects, while PRS Jurupa Valley, San Diego, Bakersfield, and Sacramento operate primarily as a subcontractor to heavy highway and road construction contractors. These Companies specialize in Cold Planing which...
removes the top layer of asphalt sections on roads, streets and parking lots. PRS offers other services which include soil stabilization, a process by which expansive and poor conditions are improved by mixing and pulverizing the soils. They also offer “cold in place” asphalt recycling where asphalt sections of streets and highways are reconstructed and remixed with recycled asphalt to repave roads and highways.

Two of the Company’s affiliates operate aggregate recycling yards: Reclaimed Aggregates in Colton (also serves as a construction equipment yard) and RAI Chula Vista. These facilities accept broken asphalt and concrete from various construction projects and process it into rubble and various aggregate products for resale.

PRS and its affiliates are each eligible for standard retraining as companies primarily engaged in providing services directly to customers located both inside and outside of California.

**PROJECT DETAILS**

In order to provide its customers with exemplary service, PRS and its staff must be proactive and adequately informed of the latest government specifications and advances in technical and commercial skills. The Company is continually training on these updates and has recently implemented a companywide training program to ensure all staff is knowledgeable about industry changes. The Federal Highway Administration and CalTrans are continually evolving and updating its specifications, requiring the Company to change and adapt annually.

The Company will focus the proposed training plan on the following training initiatives:

- Mechanics and materials training for technical skills that field staff need while working on roads or in the aggregate recycling yards.
- Quality control processes to ensure that the Company is continuously making better materials and ensuring labor and craftsmanship is of the highest caliber.
- Leadership initiatives for managers and staff as the Company is focused on succession planning and promoting employees from within.

PRS will be hiring 20 new employees during the term of the ETP Agreement. However, the Company is not requesting to create an additional Job Number under the Retraine - Job Creation guideline.

**Training Plan**

Training is performed at all of the Company’s affiliates in California throughout the year. However, the bulk of ETP-funded training will occur during the Company’s slow season in January and February. These training sessions will consist of one to two week intensives, in which staff from all locations across the state will be sent to Headquarters in Jurupa Valley to learn critical job skills. This annual training ensures the Company remains on the forefront of pavement reclamation technologies, processes and government specifications.

**Business Skills (22%)**: Training will be offered to Operators, Project Managers, Project Coordinators, Sales Staff, Superintendents, Foremen, Mechanics and Estimators. This training will include estimating skills, contract administration and risk management for project managers. Leadership skills for all staff will be included as well as Intermediate and Advanced Excel and finance for non-accountants.

**Commercial Skills (30%)**: Training will be offered to Operators, Project Managers, Project Coordinators, Superintendents, Project Coordinators, Laborers, Foremen, Mechanics and
Estimators. Participants are primarily field staff who will learn construction skills relating to distresses of pavement, milling for smoothness and mechanics of materials. This will include the Construction Supervisors Academy which is a 4-day intensive program for Superintendents and Foreman that will give them critically needed skills for jobsite planning, customer management, and scheduling fundamentals.

Continuous Improvement (48%): Training will be offered to Operators, Project Managers, Project Coordinators, Superintendents, Laborers, Foremen, Mechanics and Estimators. This training will include quality control and quality assurance for field operations. Training will also include cross-training to improve efficiency and ensure quality.

Commitment to Training

ETP funds will not displace the company's existing financial commitment to training. Safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law. The Company's annual California training budget is approximately $175,000 and covers topics such as new employee orientation, anti-harassment, diversity, conflict resolution and general safety training.

This project will be overseen by PRS Jurupa Valley staff including the Chief Financial Officer. The Manager of Technical Services will also assist and will be responsible for managing the scheduling, delivery, and documentation of training. The Company also retained Training Refund Group to assist with project administration. All original training records will be maintained in Jurupa Valley.

High Unemployment Area

In Job Number 1, 184 of the 197 trainees work in Jurupa Valley and Bakersfield, High Unemployment Areas (HUA) with unemployment exceeding the state average by at least 25%. These trainees are eligible for a wage modification; however, the Company is not requesting the wage modification.

Union Support

In this proposal, Laborers and Operators at the Jurupa Valley and Bakersfield facilities are represented by the Construction Laborers’ Union Local 1184 and the International Union of Operating Engineers Locals 12. All unions associated with this training proposal have submitted letters of support for the project. The represented occupations are: Operators (at PRS Jurupa Valley and Pavement Coatings Co., PRS Bakersfield and Reclaimed Aggregates) and Laborers (at PRS Jurupa Valley).

RECOMMENDATION

Staff recommends approval of this proposal.

DEVELOPMENT SERVICES

PRS retained Training Refund Group in Anaheim to assist with development of this proposal for a flat fee of $5,000.

ADMINISTRATIVE SERVICES

PRS also retained Training Refund Group to perform administrative services in connection with this proposal for a fee not to exceed 13% of payment earned.

TRAINING VENDORS

To Be Determined
Exhibit B: Menu Curriculum

Class/Lab Hours

8 - 200  Trainees may receive any of the following:

**BUSINESS SKILLS**
- Estimating and Job Costing.
- Contract Administration
- Project Administration
- Risk Management
- Leadership Skills
- Intermediate & Advanced Excel
- Finance for Non Accountants

**COMMERCIAL SKILLS**
- Mechanics of Materials
- Milling for Smoothness
- Plan Reading
- Product Knowledge
- Quality Control of Pavement Coatings Products
  - Crack Seal
  - Slurry
  - Micro Surfacing
  - Cape Seal Production
- Quality Control ReNew
- Quality Control of Restructuring Products
  - Full Depth Reclamation
  - Soil Stabilization
  - Soil Mix/Design/Specification
- Distresses of Pavement
- Construction Supervisors Academy
  - Job Profitability
  - Jobsite Planning
  - Fundamentals of Scheduling
  - Customer Management
  - Pre-Job Closeout
- Management Action Program (MAP)
  - Goal Setting

**CONTINUOUS IMPROVEMENT**
- Field Operations
- Cross Training
- Wirtgen Mills
- Wirtgen Reclaimers

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery.
May 18, 2016

Employment Training Panel  
Attn: Heather Bernard  
5353 Mission Center Road, Suite 110  
San Diego, California 92108-1306

Re: Application to Employment Training Panel for Pavement Coatings, Inc.

Dear Panel Members:

The International Union of North America, Local 1184, is in full support of the Pavement Coatings, Inc. application for State Training Funds.

We support their continued training they give their employees and know that it is in the best interest of all parties to train employees properly to maintain efficient operations that align with today's work environment.

If you have any questions, please feel free to contact me at (951) 684-1484.

Sincerely,

John L. Smith, Business Manager  
LIUNA, Local Union No. 1184

JLS:cmu
May 17, 2016

Employment Training Panel
Attn: Heather Bernard
5353 Mission Center Road, Suite 110
San Diego, California 92108-1306

Re: Application to Employment Training Panel for Pavement Recycling Systems, Inc.

Dear Panel Members:

The International Union of North America, Local 1184, is in full support of the Pavement Recycling Systems, Inc. application for State Training Funds.

We support their continued training they give their employees and know that it is in the best interest of all parties to train employees properly to maintain efficient operations that align with today’s work environment.

If you have any questions, please feel free to contact me at (951) 684-1484.

Sincerely,

John L. Smith, Business Manager
LIUNA, Local Union No. 1184

JLS:cmu
May 2, 2016

Employment Training Panel
ATTN: HEATHER BERNARD
5353 Mission Center Road, Suite 110
San Diego, California 92108-1306

RE: APPLICATION TO EMPLOYMENT TRAINING PANEL
FOR PAVEMENT RECYCLING SYSTEMS INC.

Dear Panel Members:

The International Union of Operating Engineers, Local 12, is in full support of the Pavement Recycling Systems Inc. application for State Training Funds.

With the technological advances to equipment and these advances being a driving factor to specification changes, it is in the best interest of all parties to train employees properly to maintain efficient operations that align with today's work environment.

If you have any questions, please feel free to contact me at (626)792-8900.

Sincerely,

[Signature]
Ronald J. Sikorski, Business Manager
I.U.O.E., Local Union No. 12 and
General Vice President

RJS:psh