

Summary of Actions

BROAD BEACH GEOLOGICAL HAZARD ABATEMENT DISTRICT
REGULAR MEETING

March 10, 2013

31330 Broad Beach Road, Malibu, CA 90265

Remote Participation Location via audio-only teleconference:

1805 Melhill Way

Los Angeles, CA 90049

1. CALL TO ORDER

Chair Karno called the meeting to order at 9:09 a.m.

2. ROLL CALL

PRESENT: Chair Karno, Vice Chair Grossman, and Board Member Marquis.

PRESENT VIA REMOTE TELECONFERENCE: Board Member Lotman.

ABSENT: Board Member Levitan, Advisor Goss.

GHAD STAFF ALSO PRESENT (not Board Members and not subject to Roll Call):
GHAD Clerk and Treasurer Barbara Hamm, GHAD Engineers Russ Boudreau and Chris Webb,
and GHAD Project Counsel Ken Ehrlich.

3. ADOPTION OF AGENDA

The GHAD Clerk reported that the meeting Agenda was posted at 8:15 a.m. on Thursday March 7, 2013 within the boundaries of the GHAD. Board Member Marquis moved, and Vice Chair Grossman seconded, the approval of the Agenda. The motion approving the agenda passed 4-0 via a roll call vote.

4. APPROVED SUMMARY OF ACTIONS FROM FEBRUARY 10, 2013 MEETING

Board Member Marquis moved, and Vice Chair Grossman seconded, the approval of the Summary of Actions from the February 10, 2013 meeting. The motion passed 4-0 via a roll call vote.

5. CEREMONIAL PRESENTATIONS

None.

6. CONSENT CALENDAR

None.

7. PUBLIC HEARINGS

None.

8. OLD BUSINESS

a. Permitting and Regulatory Process

The Chair recognized the Project Counsel.

(i) CCC

Project Counsel summarized the CCC Coastal Development Permit ("CDP") status. Project Counsel stated that BBGHAD staff has scheduled a March 11, 2013 meeting with CCC staff to attempt to resolve multiple pending issues which, according to CCC staff, render the BBGHAD's Coastal Development Permit ("CDP") application incomplete.

(ii) SLC

Project Counsel stated that BBGHAD staff and SLC staff recently held a conference call to discuss: a) the Analysis of Public Trust Resources ("APTR"), and b) the remainder of the SLC permitting process. On the call, SLC staff asserted that they would need to review the BBGHAD's revised Project Description before either: (a) estimating the timing for the completion of the SLC's permitting process and lease negotiations, and (b) future oversight costs. Project Counsel reported that the BBGHAD Engineer is preparing a revised draft Project Description and will circulate same upon completion.

(iii) RWQCB/Army Corps

Project Counsel reported that the RWQCB and Army Corps are awaiting the final APTR and sand source analysis before completing their Section 401/404 Water Quality Certifications.

(iv) Sand Sources

The Chair recognized Board Member Marquis. Board Member Marquis stated that sand source consultant Dave Hummel has been working diligently with the BBGHAD Engineer to produce viable sand sources and project cost estimates based on the use of each such sand sources. Board Member Marquis recognized BBGHAD Engineer Chris Webb for a presentation on the most viable sand sources and projected costs of same.

BBGHAD Engineer Webb then presented updated budget estimates (not bids from vendors) for the following sand sources as follows:

Truck-delivered Sand from Moorpark/Fillmore ("Inland Sources"):

600,000 cubic yards; 5,000 tons per day delivery by truck to Zuma west parking lot, then placement on Broad Beach with heavy equipment. Net estimated cost: \$19.8M.

Water-delivered Mexican Sand (200,000cy) and Inland Sources (400,000cy):

Using 200,000cy of Mexican sand decreases truck trips, but increases costs. In response to question from Vice-Chair, Mr. Hummel noted that no stigma should be attached to the Mexican sand as the sand and gravel industry has been importing this sand to the Port of Long Beach and other points of entry for decades and that the Broad Beach project would be importing far smaller volumes than other projects using this same sand source. Net estimated cost: \$23.55M.

Water-delivered Mexican Sand (600,000cy):

Six month delivery duration. Net estimated cost: \$31.3M. Cost would be reduced to approximately \$27.3M if agencies approve ocean delivery of sand, and retrieval from ocean for onshore placement. The Vice Chair and Project Counsel voiced concern over whether regulatory agencies would permit ocean delivery and subsequent retrieval for onshore placement.

Water-delivered Dockweiler Sand (600,000cy):

Two or three month delivery duration. Net estimated cost: \$14.7M if \$300,000 royalty (\$.50/cy) paid to City of LA; \$20M if, for example, \$10/cy royalty to City of LA.

Water-delivered Ventura Harbor Sand (600,000cy):

Two or three month estimated delivery duration. Net estimated cost: \$23.1M for 5-year anticipated sand duration; \$46M for 10-year anticipated sand duration.

The Chair asked Project Counsel for his estimate of the likelihood of coming to a final agreement with the City of LA for Dockweiler sand within a reasonable time. Project Counsel responded that he believes that a less than 50% probability exists that the BBGHAD will come to a final agreement for Dockweiler sand within a reasonable time.

The Chair recognized the Vice Chair, who asserted that, because of the reduced cost and relatively good sand quality in comparison to other viable sources, the BBGHAD should remain diligent with the City of Los Angeles and try to complete a transaction for the Dockweiler sand, and concurrently develop the Inland Sources. The Vice Chair added that the Mexican sand source could potentially prove politically difficult or pose permitting problems.

The Chair recognized Board Member Lotman, who stated that the BBGHAD should remain focused on permitting and constructing the project, and, in doing so, the GHAD needs to move the process forward with both Dockweiler and the Inland Sources.

The Chair recognized Board Member Marquis. Board Member Marquis recommended that the GHAD amend the APTR and other permitting applications to add necessary description and analysis of the Inland Sources. Board Member Marquis asked if Mr.

Hummel had additional information securing the use of the Inland Sources. Mr. Hummel asserted that he has received letters from all of the Inland Sources (3 Moorpark/Fillmore area quarries) confirming their ability to serve as the sand source for the restoration project. Mr. Hummel also stated that he anticipates more detailed cost negotiations with these quarries once the Project schedule and delivery date for the sand become more definite.

The Chair asked Mr. Hummel if it would be possible to obtain precise seasonal and off-seasonal rates from the quarries. Mr. Hummel responded that the question cannot be answered directly because the ultimate price for sand from the Inland Sources depends upon the scope and breath of the current economic recovery. For example, if sand producers believe that the worst of the economic market is behind us, they will likely increase their prices to meet a higher demand for sand and rock products which, if it occurs, would lead to a reduced supply of product and trucking capacity. The Chair stressed the need to understand the sand source and market facts so market predictions and the best possible analysis can be factored into the Project schedule and sand alternatives. Mr. Hummel stated his recommendation that the GHAD move forward and pin down the best possible price now, leveraging downside pricing now to get the best possible price. The Chair interjected that an analysis of Dockweiler sand versus the Inland Sources and the respect to specific cost will be critical as the GHAD gets closer to Project construction.

The Chair recognized Board Member Marquis, who asserted that the GHAD will likely be ready to go with Inland Sources before it knows about the final transaction costs for Dockweiler sand. The Chair recognized the Vice Chair, who stated that the GHAD should attempt to obtain certain Dockweiler pricing estimates and costs concurrently with narrowing the bids from the Inland Sources. In response to a question from the Chair, the GHAD Engineer stated that his firm would charge less than \$5,000 to produce more precise and detailed cost estimates for Dockweiler sand. The Chair directed the GHAD Engineer to prepare more precise Dockweiler pricing and Project Counsel to aggressively pursue the City of Los Angeles with the intent of finalizing a Dockweiler sand transaction.

Motion: The Chair recognized Board Member Marquis. Board Member Marquis moved that the Board direct BBGHAD staff to prepare documentation necessary for permitting agencies to consider the sand from the Inland Sources and such other incidental matters as needed for the permitting process. The Vice Chair seconded the motion. The motion passed 4-0 on a roll call vote.

In light of the motion, the Chair directed GHAD staff to concurrently accelerate and expedite negotiations on the Dockweiler source and increase political activities to include the Los Angeles City Council, advocacy groups in favor of beaches and additional outreach to the City's Recreation and Parks Department.

[At this juncture, the Chair moved to the Public Comment portion of the Agenda to accommodate speakers.]

12. PUBLIC COMMENT: NON-AGENDA ITEMS

The Chair recognized Michael Omary from WCM Construction. Mr. Omary stated that he has been a general contractor for more than 30 years and also has a Master of Business

Administration degree. He has asserted his interest in the overall restoration project and believes he has developed a construction technique proposal using compacted volcanic material as fill material for all portions of the project not in contact with water. Mr. Omary also proposed and presented a significantly different project design than that proposed and supported by the GHAD Engineer. Mr. Omary's proposed design calls for construction of, from the new shoreline moving inland, a steeply sloped beach to form a protective barrier, which, moving further inland, drops into a flood control channel and, moving further inland, would be backed by the current rock revetment. Mr. Omary explained that his alternative design would prevent a problem of the current design that would arise from surging water that could overtop the restored dune system and cause property damage. Mr. Omary added that his project would use only 400,000 cubic yards of sand and the rest of the material would be compacted volcanic material sourced within 5 miles of the project site. The Chair and the Board thanked Mr. Omary for his presentation and excused Mr. Hummel from the remainder of the proceedings.

[Mr. Hummel ended his participation in the meeting at 11:07 a.m.]

8. OLD BUSINESS (CONTINUED)

b. Proposed GHAD Contracting Policy

No report.

9. NEW BUSINESS

None.

10. GHAD BOARD MEMBER REPORTS

None.

11. GHAD OFFICER REPORTS

a. Treasurer Report

The GHAD Treasurer reported that, as of February 28, 2013, the BBGHAD had cash on hand of approximately \$184,766. The Treasurer also reported that the BBGHAD has received, since the end of February, an additional \$487,000 disbursement of property tax assessment from the County and paid by BBGHAD property owners-- bringing total cash on hand to approximately \$519,000. The Chair reported that an additional disbursement should be received shortly after the end of April 2013, and would be used to pay continuing Project permitting fees and costs. The Chair also directed the Vice Chair to review the recently received cost estimates from the GHAD Engineer and Project Counsel.

b. GHAD Manager Report

None.

13. FUTURE MEETING

The next GHAD Board Meeting will be on April 7, 2013 at 9:00 a.m. at a private residence located at 31330 Broad Beach Road. The Chair also mentioned that the following GHAD Board Meeting will likely be on May 5, 2013 at 9:00 a.m. at the same private residence.

14. ADJOURNMENT

The Chair recognized the Vice Chair, who moved to adjourn. Board Member Marquis seconded the motion. The motion passed 4-0 on a roll call vote. The meeting adjourned at 11:16 a.m.

Approved and adopted by the Broad Beach GHAD
Board on April 7, 2013.



NORTON KARNO, Chair

ATTEST:



BARBARA HAMM, GHAD Clerk