Special Board Meeting - January 20, 2020

1. Agenda Packet

   Documents:

   200120 AGENDA PACKET - POSTED 200116.PDF

2. Related Agenda Items

   Documents:

   ORTIZ CORPORATION PRESENTATION.PDF
   HOFER CORPORATION LETTER.PDF
   VULCAN MATERIALS COMPANY PRESENTATION.PDF
AGENDA

Special Meeting
Governing Board of Sweetwater Authority
Monday, January 20, 2020 – 4:30 p.m.

- Call Meeting to Order and Roll Call
- Pledge of Allegiance to the Flag
- Opportunity for Public Comment
  Opportunity for members of the public to address the Board (Government Code Section 54954.3)

ACTION CALENDAR AGENDA

The following items on the Action Agenda call for discussion and action by the Board. All items are placed on the Agenda so that the Board may discuss and take action on the item if the Board is so inclined, including items listed for information.

Consideration of Letters of Interest for Materials Dredging/Sand Mining In and Around Sweetwater Authority Reservoirs (Information Item)

- Adjournment

This agenda was posted at least twenty-four (24) hours before the meeting in a location freely accessible to the Public on the exterior bulletin board at the main entrance to the Authority’s office and it is also posted on the Authority’s website at www.sweetwater.org. No action may be taken on any item not appearing on the posted agenda, except as provided by California Government Code Section 54954.2. Any writings or documents provided to a majority of the members of the Sweetwater Authority Governing Board regarding any item on this agenda will be made available for public inspection at the Authority Administration Office, located at 505 Garrett Avenue, Chula Vista, CA 91910, during normal business hours. Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to the Board Secretary at (619) 409-6703 as soon as possible prior to the meeting.

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PUBLIC COMMENT PROCEDURES

Members of the general public may address the Board regarding items not appearing on the posted agenda, which are within the subject matter jurisdiction of the Governing Board. Speakers are asked to state name, address, and topic, and to observe a time limit of three (3) minutes each. Public comment on a single topic is limited to twenty (20) minutes. Anyone desiring to address the Governing Board regarding an item listed on the agenda is asked to fill out a speaker’s slip and present it to the Board Chair or the Secretary. Request to Speak forms are available at the Speaker’s podium and at www.sweetwater.org/speakerform.
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TO: Governing Board
FROM: Management
DATE: January 15, 2020
SUBJECT: Consideration of Letters of Interest for Material Dredging/Sand Mining In and Around Sweetwater Authority Reservoirs

SUMMARY
On June 12, 2019, the Board approved the current FY 2019-20 Strategic Plan Detailed Work Plan, which includes a task to determine the feasibility and interest in sand mining/materials dredging opportunities in and around Authority Reservoirs.

A Request for Letters of Interest was issued by the Authority on October 25, 2019, with a due date of January 9, 2020 (Attachment 1). An Industry Forum was held on November 20, 2019, and had twelve participants representing nine different firms.

The Authority received four Letters of Interest from the following firms:

- Ballard Marine Construction
- Hofer Corporation
- Ortiz Corporation
- Vulcan Materials Company

The Letters of Interest are attached for Board consideration (Attachment 2) to determine whether there is market interest in sand mining/materials dredging in and around the Authority reservoirs.

PAST BOARD ACTIONS
October 23, 2019 The Board directed staff to issue the Request for Letters of interest and hold an Industry Forum to provide information about the reservoir to interested parties; and hire a third-party independent consultant to perform a preliminary assessment and evaluate the potential for materials dredging/sand mining in and around Authority reservoirs
Memo to: Governing Board
Subject: Consideration of Letters of Interest for Material Dredging/Sand Mining In and Around Sweetwater Authority Reservoirs
January 15, 2020
Page 2 of 3

September 11, 2019 The Board directed staff to revise the FY 2019-20 Strategic Plan Detailed Work Plan as follows:

   a. Add Strategic Plan Work Plan Objective FV5 – Tasks 002.01 through 002.04 as follows:
      - 002.01 Bring draft Request for Letter of Interest for material dredging/sand mining in and around Authority reservoirs to the Operations Committee and Board for consideration and input – October 2019
      - 002.02 Send Request to potential firms and conduct full-day industry forums for interested parties at each reservoir– November 2019
      - 002.03 Conduct a Board Special Meeting to review submittals received in response to the Letter of Interest – 1st Quarter 2020

August 28, 2019 The Governing Board directed staff to propose an accelerated completion date for Strategic Plan Work Plan Objective FV5 – Task 002.00: Conduct an Exploratory Market Analysis to Determine the Feasibility and Interest in Material Dredging/Sand Mining Opportunities in and around Authority Reservoirs – Completion Date: June 2020, including any impacts on the remainder of the Strategic Plan Work Plan.

June 12, 2019 The Governing Board approved the FY 2019-20 Strategic Plan Detailed Work Plan.

FISCAL IMPACT
The goals of the project are to generate revenues for the Authority and potentially expand reservoir capacity. The fiscal impact of the project is unknown and will depend upon the profit-sharing structure established between the parties and which party bears the costs of preliminary studies, permit acquisition, and environmental review costs.

POLICY
Strategic Plan Goal 3: Financial Viability (FV) – Ensure long-term financial viability of the agency through best practices, operational efficiency, and maximizing assets.

   • Objective FV5 – Explore innovative opportunities for leveraging Authority assets (e.g., reservoirs, property) to reduce financial burden on Authority ratepayers
      - 002.00 Conduct an exploratory market analysis to determine the feasibility and interest in material dredging/sand mining opportunities in and around Authority reservoirs
Memo to: Governing Board
Subject: Consideration of Letters of Interest for Material Dredging/Sand Mining In and Around Sweetwater Authority Reservoirs
January 15, 2020
Page 3 of 3

- 002.01 Bring draft Request for Letter of Interest for material dredging/sand mining in and around Authority reservoirs to the Operations Committee and Board for consideration and input – October 2019

STAFF RECOMMENDATION

These proposals are provided for informational purposes only for the Board to determine whether there is sufficient market interest to further explore a potential project.

ATTACHMENTS

Request for Letters of Interest (issued by the Authority on October 25, 2019)
Letters of Interest
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Subject: Request for Letters of Interest for Materials Dredging/Sand Mining at Sweetwater Authority Reservoirs (Request)

Dear «Salutation»:

Sweetwater Authority (Authority) is seeking Letters of Interest (LOI) from interested companies for materials dredging and/or sand mining at the Authority’s Sweetwater Reservoir and/or at Loveland Reservoir that meet the following three objectives:

1. Generate revenue for the Authority’s ratepayers;
2. Potentially increase usable storage capacity as a result of mining and/or recover lost usable storage capacity caused by siltation over the years; and
3. Minimize environmental impacts resulting from any proposed dredging/sand mining operations.

This Request is exploratory only to determine whether there is market interest in such a venture. Depending on the responses to this inquiry, the Authority may decide to develop a project and competitively select a company to partner with to achieve the above-stated objectives, subject to the required environmental review and permitting.

A. BACKGROUND INFORMATION ON THE AUTHORITY AND THE AUTHORITY’S SURFACE WATER RESERVOIRS

The Authority serves potable water to a population of approximately 190,000 in the City of National City, the unincorporated area of Bonita, and the western portion of the City of Chula Vista. Water is sourced from Sweetwater Reservoir, water wells (fresh and brackish) located in numerous locations within the Authority’s service area, and imported water purchased from the San Diego County Water Authority (SDCWA). In addition, the Authority has interconnections with neighboring water agencies to supply water during emergency periods.

The Authority owns and operates two surface water reservoirs, Sweetwater Reservoir located near Spring Valley, CA, and Loveland Reservoir located near Alpine, CA. Both reservoirs are located in the Sweetwater River Watershed with Loveland Reservoir located approximately 17
miles upstream of Sweetwater Reservoir. The Sweetwater River watershed is approximately 230 square miles. Surface water from Sweetwater Reservoir is treated at the adjacent Robert A. Perdue Water Treatment Plant (Water Treatment Plant) located in Spring Valley, CA, which has the ability to produce a maximum of 30 million gallons per day (MGD). Sweetwater Dam was initially constructed in 1888, creating Sweetwater Reservoir with an approximate capacity of 28,079 acre-feet (AF). Loveland Dam was constructed in 1945, creating Loveland Reservoir with an approximate capacity of 25,387 AF.

**B. PREVIOUS INVESTIGATIONS AND MINING ACTIVITIES**

Between August 1979 and March 1991, material was extracted from the upper portion of Sweetwater Reservoir, by at least two different firms in two different locations, operating under legal non-conforming rights (i.e., grandfather operations). There have been previous investigations that have evaluated the potential for sand mining at Sweetwater Reservoir. These studies are referenced in Section F below and are available on the Authority’s website for review at [https://www.sweetwater.org/153/Bid-Opportunities-Results](https://www.sweetwater.org/153/Bid-Opportunities-Results)

**C. REQUIREMENTS FOR LETTERS OF INTEREST**

Letters of Interest (LOI) submitted by potential firms shall be concise, well organized, and demonstrate the responder’s experience applicable to the requirements of this Request. An LOI submitted in response to this Request shall be in the following order and shall include:

1. **Statement of Interest:**
   a. Describe the firm’s basic understanding of the Authority’s potential dredging/mining operations and a vision statement of how a project could be structured, including the contract/agreement structure, to meet the Authority’s objectives stated above.
   b. This letter should also contain a brief summary of the scope of work required to achieve the potential operations, identifying the specific approvals and permits required from the various state and federal agencies, and any other information that may be useful or informative to the Authority.

2. **Identification of Responder:**
   a. Provide legal name and address of firm.
   b. Provide name, title, address, telephone number, and email of a person to contact concerning the LOI.

3. **Qualifications/Experience of Firm:**
   a. Provide a statement describing the firm’s relationship to the sand mining/reclamation industry,
   b. Qualifications to perform or facilitate sand mining/materials dredging, and;
c. Experience working on similar type projects and personal reference information from public agencies involved with those projects.

D. FORUM FOR INTERESTED FIRMS

The Authority will hold an Industry Forum for interested firms to learn more about the Authority’s two surface water storage reservoirs. The Forum will be held the Board Room at the Administrative Offices of Sweetwater Authority, 505 Garrett Ave., Chula Vista, CA 91910 on Wednesday, November 20, 2019 at 9:30 am. All parties interested in attending the Industry Forum must RSVP to migarcia@sweetwater.org by 5:00 pm on November 18, 2019. Interested parties do not need to attend the Industry Forum in order to submit an LOI.

E. DUE DATE FOR LETTERS OF INTEREST

Letters of Interest (LOI) are due to the Authority by 3:00 P.M. on January 9, 2020 at the Authority’s Administrative Offices:

Sweetwater Authority
505 Garrett Avenue
Chula Vista, CA 91910
Attn: Jennifer Sabine

The Authority’s staff will review all submitted LOIs. After review of the Letters of Interest, the Board may determine to develop a process and implement a competitive process for selecting a company to partner with the Authority in achieving its stated objectives. All firms who have submitted a Request will be notified when this item is placed on the Board’s agenda for discussion.

F. AUTHORITY PROVIDED ITEMS

Relevant past studies and contracts listed below can be provided to interested firms upon request.

1. Resolution No. 396 (August 22, 1979) with License Agreement between the South Bay Irrigation District and Nelson & Sloan.

2. Geotechnical Evaluation of Sweetwater Development for The Pointe, San Diego, GEOCON Incorporated (March 6, 1985)

3. Amendment to License Agreement between the South Bay Irrigation District and Nelson & Sloan (September 1, 1987)


6. Hydraulic and Sedimentation Study for the Wetlands Recovery Plan at Sweetwater Reservoir, Howard H. Chang (October 2010)

G. DISCLAIMERS

1. This Request does not commit the Authority to enter into any agreement for services, to pay any costs incurred in the preparation of an LOI, or to procure or contract for services or supplies.

2. All LOIs submitted in response to this Request become the property of the Authority and public records, and such may be subject to public review.

3. The Authority accepts no financial responsibility for any cost incurred by any party submitting an LOI. All submittals become the property of the Authority and may be used in any way deemed appropriate.

4. The information provided herein is intended solely to assist in LOI preparation. To the Authority’s reasonable knowledge, the information provided is accurate. However, the Authority does not warrant such accuracy, and any errors or omissions subsequently will not invalidate this Request.

Thank you for your interest in this opportunity that hopefully will be mutually beneficial to Sweetwater Authority and your firm.

If you have any questions regarding this Request, please contact Jennifer Sabine, at (619) 409-6702 or jsabine@sweetwater.org.

Sincerely,

Tish Berge, P.E.
General Manager

ATTACHMENTS: As cited.
A Letter of Interest Prepared For:

Sweetwater Authority

Request for Letters of Interest for
Materials Dredging/Sand Mining at Sweetwater Authority Reservoirs

Due Date: January 9, 2020 - 3:00 PM PST

Prepared By:
Ballard Marine Construction
Jared Bell, Southwest General Manager
jared.bell@ballardmc.com
(360) 844-6873

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January 9, 2020

Sweetwater Authority
505 Garrett Avenue
Chula Vista, CA 91910

RE: Ballard’s Letter of Interest for Materials Dredging/Sand Mining at Sweetwater Authority Reservoirs

Dear Ms. Sabine,

Ballard Marine Construction (Ballard) appreciates the opportunity to provide Sweetwater Authority with the following letter of interest for the materials dredging/sand mining project at Sweetwater Authority’s Reservoirs.

INTRODUCTION
Ballard Marine Construction (Ballard) is a specialty marine and underwater contractor. For over 40 years, we have provided turnkey infrastructure inspection, construction, rehabilitation and maintenance solutions on projects worldwide for our clients in the energy, industrial, infrastructure, and maritime industries.

Ballard provides technical solutions to our clients, nationally and internationally, who own and operate marine, underground and underwater infrastructure. We have the technical capabilities and resources necessary to provide turnkey services. We are different from the traditional construction firm in that Ballard is a technical solutions resource that offers support on all phases of infrastructure assessment, construction, rehabilitation and maintenance. This means that our clients have a one-stop shop for all their needs. This is a very attractive offering, evidenced by the fact that hundreds of private, municipal and governmental clients rely on Ballard to solve their problems.

As an industry leader, Ballard has a proven track record of providing safe, efficient, and innovative marine construction services. An experienced technical and managerial staff, and a fleet of specialized fly-away equipment, ensures the Ballard team can mobilize quickly to meet your project needs.

STATEMENT OF INTEREST
Project Understanding

The Sweetwater Authority is investigating local contractor interest and local market support for the mining and sale of dredged sand from both the Sweetwater and Loveland reservoirs. This mining endeavor could prove to be economically beneficial to the Authority in two ways: deepening of the reservoir and increasing water volume capacity and potential profits obtained through the sale of the mined sand materials. Ballard would collaborate with the Authority during the RFP phase to determine a viable and mutually agreeable contracting method and potential unit price where Ballard’s project costs and target profit are covered and if the local market for dredged sand can support a satisfactory price, the difference between the sand sale price and Ballard’s costs and profit would be passed on to the Authority.
Scope of Work
Ballard views the project being executed in three phases:

Permitting and Planning:
1. Prior to the start of Work, Ballard would identify and contract with the best local market option for sale of the mined sand materials to obtain and secure the best market value.
2. Identify environmental compliance measures necessary for this project.
3. Ballard would collaborate with the Sweetwater Authority to investigate and obtain the necessary environmental permits as required by the group of Agencies identified in the Industry Forum Presentation on November 20th, 2019.
4. Ballard would collaborate with the Authority to identify access and equipment traffic flow routes and a satisfactory staging area for receiving and processing dredged materials near the dredging areas at both the Sweetwater and Loveland Reservoir worksites.
5. Prepare the necessary work plan to construct the material processing and loadout site.
6. Perform pre dredge surveys of both the Sweetwater and Loveland reservoirs.
7. Prepare the necessary work plan for mobilizing and erecting the dredging equipment.
8. Prepare the necessary work plan for dredging work.

Site Development:
1. Install environmental control measures prior to necessary site construction.
2. Develop site as identified and permitted for construction.
3. Maintain site as constructed during course of dredging, processing and load out until work is complete.
4. Restore site to original condition as required by the Authority or Agency permits.

Dredging and Processing:
1. Perform dredging and processing of sand and silt materials of the quantity identified and agreed to by the Authority and Ballard.

Identification of Responder

Company Information
Legal Name: Ballard Marine Construction, INC
Home Office Address: 727 S 27th Street Washougal, WA 98671
California Office Address: 6200 Angelo Ct., Loomis, CA 95650

Contact Information
Contact Name: Jared Bell
Title: Southwest General Manager
Address: 6200 Angelo Ct., Loomis, CA 95650
Phone: (360) 844-6873
Email: jared.bell@ballardmc.com

Qualifications/Experience of Firm
Sand Mining and Reclamation Industry
For Sweetwater Authority’s Materials Dredging/Sand Mining project, Ballard would retain an earthwork subcontractor for the scope of sand mining. Ballard will ensure the qualifications and relationships to
the sand mining industry for this major subcontractor are recent and relevant to Sweetwater Authority's project needs.

**Sand Mining/Materials Dredging Qualifications, Experience and References**

**Oroville Dam Emergency Spillway Repair, CA**
California Department of Water Resources | 2017

*Reference:* Mark Andersen, P.E., Retired Acting Deputy Director, State Water Project for the California Department of Water Resources, mark.andersen@stantec.com

Ballard responded to an emergency call from the Department of Water Resources (DWR) to mobilize barge, equipment and personnel to the Oroville Dam Spillway. The call was received on 2/10/17 at 19:58 and Ballard began immediately mobilizing equipment and personnel to the site on 2/10/17 at 20:14. Due to our expertise in mobilizing personnel and equipment to our national and international clients on a 24/7 basis, we were able to quickly respond on 2/11/17 at 02:34 with a modular barge, two cranes, and a team of personnel who began assembling the equipment. As the emergency at the Oroville Dam Spillway increased over the next couple of days, Ballard was tasked with providing additional equipment which included 5 modular barges, hydraulic dredge pumps, dewatering pumps, and a crane for clamshell dredging. Personnel worked 24/7 to assemble all of the equipment, and Ballard was staged at the bottom of the spillway when the DWR turned off all flows.

Ballard exceeded DWR’s schedule and began excavating with one clamshell barge, two excavator barges, and three materials barges on the upstream side of the spillway. Outfitted with complete dredging equipment, survey equipment, and real-time dredging software, personnel continued to remove material from the spillway on a 24/7 basis. Ballard’s primary goal was to dredge material from the river left side of the spillway to allow the upstream water to recede and prevent flooding of the powerhouse. During the project, Ballard removed approximately 20,000 yards of material, opening the original channel on river left preventing the powerhouse from flooding. Dredged material was transported to the shore and offloaded from the material barges using a land-based clamshell crane. Once the powerhouse was no longer in jeopardy of flooding, Ballard demobilized from the site.

**Tiger Creek Afterbay Dam Dredging, Pioneer, CA**
Pacific Gas & Electric | 2019

*Reference:* Chirag Mehta, Pacific Gas & Electric, cdmu@pge.com

The water from Tiger Creek Powerhouse discharges into the Afterbay which is created by the Afterbay Dam located 1.5 mile downstream of Tiger Creek Powerhouse. The Afterbay Dam is 120 ft high, 448 ft long variable radius and variable thickness concrete arch with a gate overpour spillway. The project scope consisted of dredging the Tiger Creek Afterbay Dam Low Level Outlet (LLO) area to safely expose the LLO components for inspection.

The project began mobilization in July with all barges, excavators, and necessary equipment gathered to begin dredging and surveying the area. Once dredging began in Mid-August, the process began with filling approx. 2 barges a day but after the first week, the process became more efficient allowing for a significant increase in production, roughly 3 barges/day were filled and ready to off-load. During the
dredging process, bi-weekly surveys were conducted to accurately calculate the amount of material removed from the dredge area. There had been a significant amount of woody and rocky debris in certain areas which reduced production several times. Mechanical issues and turbidity spikes were also challenges, but communication with the owner and prompt action allowed for resolutions in a timely manner. The crew was able to mitigate issues during this stage and continue to complete the dredging process ahead of schedule. The dredging process was completed in early October with 27,000 cubic yards of sediment and debris removed with water depths as great as 85-feet. Dive inspections concluded the project providing a detailed overlay of the underwater dredged area as well as the LLO.

Schoharie Reservoir Low-Level Outlet Dredging, Gilboa, NY
New York Department of Environmental Protection | 2016 – 2018
Reference: Kent Vest, Southland Renda Joint-venture, kvest@scitunneling.com

Ballard’s installation of the low-level outlet involves dredging approx. 8,000 cubic yards of sediments (5,000 by hydraulic means and 3,000 by mechanical means) to create a pit for the new intake. We used a Toyo dredging pump with a water jet head to dredge the spoils pit as well as the receiving pit. The materials were pumped 2,000 feet to a settling pond for disposal. Once we were completed with the hydraulic dredging the prime contractor came in and removed the hard-glacial till with a clam bucket. A 30’ diameter cofferdam was then placed in the dredged pit. This cofferdam will be the base of the intake during season 2. Once the cofferdam is in place roughly 5,000 cy of on-site batched concrete will be pumped around the cofferdam up to the elevation of the surrounding reservoir bottom. When all concrete is placed then the cofferdam will be filled with sand to complete season 1. Season 2 will consist of the sand being removed, the removal of the MTBM that will bore through the cofferdam and then the final placement of the intake structure itself.
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Sweetwater Authority
505 Garrett Avenue
P.O. Box 2328
Chula Vista, Ca 91912-2328

Attn: Jennifer Sabine

Re: Request for Letters of Interest for Materials Dredging/Sand Mining at Sweetwater Authority Reservoirs

Dear Ms. Sabine:

Per your letter of October 28, 2019 re the above subject, Hofer Corporation hereby submits this Letter of Interest in accordance with the format as outlined in your letter of the above date.

REQUIREMENTS FOR LETTERS OF INTEREST

1. Statement of Interest:

   a. Describe the firm's basic understanding of the Authority’s potential dredging/mining operations and a vision statement of how a project could be structured, including the contract/agreement structure, to meet the Authority’s objectives stated above.

Sweetwater Authority (hereinafter SWA) states in its’ Request for Letter of Interest to Hofer Corporation dated October 28, 2019 that it is interested in increasing the capacity of Loveland and Sweetwater Reservoirs by the excavation of sandy sediment deposits, which deposits could be suitable for use in portland cement concrete, asphaltic concrete, aggregate bases, etc. (hereinafter concretes and bases). SWA is interested in receiving income from the sale of suitable sand products mined in addition to the enlargement of the reservoirs capacities. SWA’s further goal is to extract the sediment with minimal negative impacts to the environment.

Potential for Dredging/Mining:

The potential for mining sand from the reservoirs is a viable commercial operation, provided the materials are suitable for use as sands or fines in construction materials such as concretes, bases, etc.. It is suggested that prior to submitting any permit applications and giving further consideration for commercial use of the extracted sediment, a survey of the sites be conducted to determine the depth and quality of the sediments.
SWA has two reservoirs that are suitable for the extraction of sandy materials which could be used for commercial purposes by the construction industry. Basically, the most sediment will be found at the upper limits of the reservoirs, where the coarser material will also be found. It then seems logical that mining will take place at the upper reaches of the reservoirs, where the maximum environmental impacts will be felt. The bounds and to a degree quality of the deposited sediment will be determined by the quantity and velocity of previous floods into the reservoirs.

Vision Statement:

As for a vision statement of how a project could be structured, the assumption is made that the material is of sufficient quality that at least 90% of the material is saleable as an aggregate for use in concretes and bases.

The primary goal of SWA should be to increase the capacities of the reservoirs, with the secondary goal of recovering all costs associated with the acquisition of all permits, and the realization of an end profit for their efforts.

SWA is the owner of the reservoirs where the mining will take place; since all permits apply to the land only and not to the applicant, SWA should be the applicant/owner for all required permits.

The firm chosen by SWA to mine the reservoirs should provide all operational services and equipment. It should also market the products and provide all necessary transportation to the end client.

Adherence to the conditions of the acquired permits during the mining operation will serve as assurance that the environment will be minimally impacted.

Contract/Agreement Structure:

It is the opinion of Hofer Corporation that since the proposed operation is exploratory only, it is not advanced to the point that a comprehensive agreement can be suggested for consideration. We therefore suggest a typical approach to a contract agreement: That the successful contractor pay a royalty of $X.xx per ton or per cubic yard to SWA. The agreement should be of sufficient time to allow for a conservative timeframe for the sale of the materials and the completion of the reclamation, and concurrent with all permits.

b. This letter should also contain a brief summary of the scope of work required to achieve the potential operations, identifying the specific approvals and permits required from the various state and federal agencies, and any other information that may be useful or informative to the Authority.

Brief Scope of Work Summary:

After acquisition of all permits and compliance with all pre-operating conditions are fulfilled the following is a brief summary of a typical sand mining operation:
a. Develop on-site haul roads;

b. Clear areas for the stockpiling of the extracted sediment and a repository area for equipment, e.g., wheel loaders, weighing or volumetric measuring equipment etc.; prepare an area for necessary on-site maintenance and servicing of equipment;

c. Move in all necessary equipment, e.g., dredge, loaders, screens (if necessary), generators, water truck for dust abatement, miscellaneous maintenance equipment/supplies;

d. Float dredge and start mining and stockpiling operations;

e. Having developed a market for the extracted sediment product(s), load trucks and ship product(s) to end use clients;

Permits:

The following is a list of permits that will most likely be required by local, state and federal agencies. There may be other permit that may be required for the proposed mining operation. Additionally, there may be other permits relative to the reservoirs alone that are not required by the proposed operation, but the proposed operation may have an impact on those permits; those the impacts (if any) will also need to be addressed as a part of the permitting process. The permits should allow plenty of time to extract and remove all saleable materials as well as allow time for the reclamation after the extraction operation.

- Major Use Permit including phasing of operations
- Reclamation Plan including landscaping
- Air Pollution Control Board Permit
- Environmental Review Permit
- Fish and Game permit (State)
- Corps of Engineers Permit (Federal)
- Floodplain Evaluation (hydrology and erosion studies)
- Stormwater Management Plan (State)
- Hazardous Waste Substance Permit

2. Identification of Responder:

Ernie Hofer, CEO
Hofer Corporation
5662 Otay Valley Rd
San Diego, Ca 92154
Ph: (619) 454-9748
email: hofercorp@yahoo.com

3. Qualifications/Experience of Firm:

a. Provide a statement describing the firm's relationship to the sand mining/reclamation industry,

Hofer Corporation has been involved with the sand and gravel industry since 1979. Hofer
Corporation has operated as a subcontractor to large scale sand and gravel firms. Hofer's subcontracts have involved the mining, processing and delivery of sand materials on behalf of the said firms.

Hofer has also been the contractor on several projects involving the mining, processing and acquisition of aggregates for the production of portland cement concrete and bases and has produced concrete products at their owned batch plant operations. Hofer continues to be involved in the excavation, processing and transportation of materials.

b. Qualifications to perform or facilitate sand mining/materials dredging, and;

Hofer Corporation has dredged millions of yards of sand from the Tijuana and San Diegor river basins as a subcontractor for Nelson and Sloan, a major sand and gravel firm that was sold to Hanson Aggregates. Hofer Corporation owned and operated a 600 ton/hr. dredge with a capacity to extract sediment to an average depth of 60 feet below water surface. Hofer Corporation is highly experienced in dredging operations.

Hofer Corporation was a subcontractor for Nelson & Sloan for approximately 12 years and in addition to the dredging operations in the Tijauana and San Diego river basins, mined sands from the upper portions of the Sweetwater reservoir owned by SWA.

c. Experience working on similar type projects and personal reference information from public agencies involved with those projects.

Hofer Corporation worked as a subcontractor for Nelson & Sloan during the approximately 8 years of dredging operations, hence Hofer has no personal reference information from public agencies involved with Hofer's work as a subcontractor.

Please feel free to contact me should you any questions or require additional information relative to the above.

Thank you for allowing us to submit this Letter of Interest.

Sincerely,

Ernie Hofer

c.c.: Abel Parra
January 8, 2020

Sweetwater Authority
505 Garrett Ave
Chula Vista, CA 91910
Attn: Jennifer Sabine

RE: Letter of Interest for Dredging/Sand Mining at Sweetwater Authority Reservoirs

Dear Ms. Sabine:

The Dredging Services industry is an essential service in the economy that plays an important role in restoring and preserving wetlands, coastlines, and maritime habitats. As a result, the industry benefits from public and private restoration projects. Since Sweetwater Reservoir has recently restored a portion of its wetlands in the northern area of the reservoir, it only makes sense to maintain these wetlands while continuing to expand the capacity of the reservoir itself and to thereafter maintain it and the wetlands nearby.

Regardless of economic conditions or federal funding, ports, harbors, and waterways all hold a strong underlying demand for maintenance dredging services. Dredged materials are a resource – and the Army Corps Of Engineers (“ACOE”) believe that it is a resource with environmentally sound beneficial use of dredged materials for such projects as wetlands creation, beach nourishment, agriculture, forestry, road/highway construction or realignment projects and development projects must be encouraged.

Our Background:
At Ortiz Corporation, our clients’ overall best interest would always come first, and everything we do will be guided by our values and professional ethics. We will ensure that we put standard structures and processes in place that will enable us meet and surpass our business goals and stay highly competitive in the industry.

Ortiz Corporation is a local company with its corporate offices at 2000 McKinley Ave., in National City, CA 91950. We are a general engineering contractor with over 30 years of construction experience, most notably with experience on public works projects; and have a sister corporation, Border Recycling, LLC - that has a location in the southern San Diego county area where it performs aggregates/sand mining/recycling and crushing operations. Ortiz has experience in the mobilizing, staging and operating land and water-based dredging equipment; dewatering of dredged materials and sand; sampling of dredged materials and the transport of such materials and sand through our own trucking fleet. Jose Ortiz, Operations Manager, would be the primary contact concerning this Letter of Interest (cell 619-348-8176) email address: joseo@ortizcorporation.com.

Our Competitive Advantage:
We are aware of the competitive nature of the sand/aggregate dredging industry and we already favorably compete with players in the industry.

Our major competitive advantage is the vast industry experience and solid reputation of our owner, Marcelino Ortiz, and our management team. We can boast of having contacts within key markets, having a good reputation and ability
to accommodate environmental requirements. Ortiz has already partnered with Helix Environmental Planning to work with us on the environmental/permitting and mitigation planning issues on this proposed project or another firm of the Authority’s choosing. In addition, we anticipate the permit procurement process to take 2-4 years, see attached rate sheet.

We are able to highlight some factors that will give us competitive advantage in the marketplace; some of the factors are the fact that we are a local company, trust, honesty, good network and excellent relationship management, experienced management team, robust fleet operations, direct access to our Border Recycling site, our size advantages, cost advantage, supply chain, customer loyalty and strong reputation amongst industry players.

As a result of the shortages of sand in the San Diego area, Ortiz has assisted Hanson and Robertson’s Ready-Mix Companies in importing up to 26,000 tons per month in 2017 and 2018. Ortiz imported well over 200,000 tons of sand from Mexico over the past 2 years; we are familiar with the market. Ortiz is very aware of the current volumes coming across the border from all the key players in the ready mix and construction industry. Ortiz can be a key partner in making sure that the profit is maximized for the ratepayers and keeping rates as low as possible. By managing the mining/dredging operation long term, we feel that the Sweetwater Authority can have a benefit in the range of 6 to 12 million dollars per year. By mining the sand long term, we can slowly persuade all the firms to stop importing sand across the border and meet their demands from the assets owned by Sweetwater Authority. Another result from the Sweetwater mining operation is that we’ll create the need for local distribution worth an estimated range of 5 to 10 million dollars. By contrast, the larger sand production specialists in the area have no incentive to meet the demands of the agency and ratepayers as their sand operations are by definition, profit making ventures in and of themselves - it is in their best interests to devaluate the property and lead the Authority to believe the resulting product is worth far less than its actual worth- they cannot keep their rates as low as Ortiz can.

Another competitive advantage that we are bringing to the industry is the fact that we have designed our business in such a way that we can comfortably work with both individual companies/governments at all levels. Sand dredging is not Ortiz’s only profit-making operation; this operation will only add to our commercial construction activities, not deter from it; hence we don’t have a problem with partnering with the Authority with a view towards the total economic value which Ortiz would contribute towards focusing on the environment: increasing clean water supply and habitable wetlands and decreasing the local need to import sand and aggregates from Mexico and elsewhere. By focusing on local production and decreasing the import of aggregates, this will result in lower emissions of greenhouse gases, air pollution, traffic congestion and road wear and maintenance due to decreased truck traffic from Riverside County or the San Ysidro/Otay Mesa-Tecate borders. This sand mining will also have economic benefit to our local truck drivers in lieu of drivers from Mexico.

Our Proposal:
Ortiz Corporation would anticipate entering into a License and Dredging/Mining Agreement with the Sweetwater Authority (the “Authority”) whereby Ortiz would license the ability to mine/dredge the upper portion of the Sweetwater reservoir and the Loveland Reservoir in the areas depicted in purple in Exhibit “A-1” (Sweetwater) just northwest of the Hansen’s Pond location and Exhibit “A-2” (Loveland) attached hereto, in exchange for a monthly license fee to be credited against a yearly fee for the amount of sand collected (similar to that done with the Nelson and Sloan license agreement). Ortiz would obtain the benefit of the sand and soils generated by the dredging for sales to ultimate consumers and the Authority would benefit by the increased capacity of the reservoir with the profits maximized to the ratepayers by the fees generated by the license agreement.

The Analysis:
Ortiz would perform an analysis commonly known as an Economic Impact Report. It measures the total economic impact from new revenue, earnings, and jobs. The report uses published multipliers to estimate the project’s direct
benefits (i.e., new jobs at the quarry) and indirect benefits (i.e., jobs created in related industries). The analysis includes the estimated tax revenue benefit generated from the project.

It is essential in the permitting process to show decision makers the benefits a project will have on a region (e.g., new revenue, wages, jobs, and taxes). Alternatively, the report may be used to illustrate the economic impact on a region if a quarry were to close. Construction aggregate operations provide well-paying jobs and taxes for local communities. Therefore, decision makers must understand the economic benefit these operations have on a region. An Economic Impact Report is a valuable tool in a project’s public relations endeavor.

The Sedimentation Investigation Report by Abel Parra dated 2/26/2010, (although prepared before the restoration of the habitat) estimated the potential for the amount of exportable soil at the northern end of Sweetwater Reservoir to be at 20 acres at that time [at a depth of 29 feet, the exportable quantity was estimated at .94 million cubic yards (64 million cubic yards for the upper layer and 0.3 million cubic yards for the bottom layer)]. With the resulting increase volume in storage capacity within the Sweetwater Reservoir estimated at 7,190 acre-feet. At the Industry Forum meeting on November 20th, the Authority had estimated that the area that was left unmined at the Sweetwater Reservoir was approximately 2.5 million cubic yards.

A California Geological Survey completed in 2017 by the Department of Conservation State Mining and Geology Board (Special Report 240) updated the Mineral Land Classification: Portland Cement Concrete-Grade Aggregate Western San Diego County Production-Consumption Region and projected the demand to be over 14,000,000 tons by 2025. However, no geologic studies have been done of the area around Loveland Reservoir by the State of California (this area is outside of the Western San Diego County US Geological Area Production-Consumption Survey area and has not been mined before). A preliminary review of resources for the Loveland area using the County of San Diego Planning & Development Services Initial Study Research Packet (“ISRP”) indicates that there are limited, if any, mineral resources in this area. This may be due to the lack of geological information or the actual lack of resources. A sedimentation study would be of utmost importance in the Loveland Reservoir area to obtain comparable information and an area Ortiz would desire to concentrate its mining efforts in, subject to the study results and of obtaining a Reclamation Permit (see below).

The proposed endeavor would entail (i) compliance with California’s Environmental Quality Act (CEQA) via an environmental impact report [both our proposed Sweetwater location and the Loveland location are located on habitat and/or environmentally sensitive areas]; (ii) a Major Use Permit from the County of San Diego; (iii) a Reclamation Permit from the County of San Diego (to comply with SMARA); (iv) approval from the Army Corps of Engineers (with permits/approvals under Section 401 and 404 of the Clean Water Act; (v) compliance with the State Water Resources Control Board/RWQCB for waste discharge requirements); (vi) a permit from the US Department of Fish & Wildlife Service and CA Department of Fish & Wildlife (especially since our proposed Sweetwater Plant is located in the upper Sweetwater Reservoir habitat and protected species area); and (vii) a possible Section 1600 stream alteration agreement CA F&G Code.

The use of a sand dredging machine would be the most economical and effective dredging machine from an environmental perspective (considering the ambient noise from the machine). We have two options available to process the material, option one involves the conventional stockpiling method. Once materials are dried out in the ponds, it will be excavated and dry screened. The screen will most likely have 3 decks, separating the dirt/fine sand/coarse, sands/gravels. The coarse sands will be run thru a wash plant and tested for assurance in meeting the local ready-mix providers key numbers in the various aggregate sizing found in the materials based on the preliminary numbers shown by Mr. Abel Parra. Pros and cons: You are limited to your stockpile and natural drying methods. Option one requires additional labor and equipment since it requires manual steps of loading and processing, excavating and stockpiling product from drying ponds, dry screen stockpiled material, washing coarse sands to meet ready mix specs. Option two, requires the purchase of a far more expensive plant that can process the
product provided from dredging operation. The dredging pipe would be connected directly to the plant and save cost in moving product. The plant would have various discharge points depending on the product classified. The site would not be hindered by limited stock piling space and would be more reliant on how quickly we can sell the product.

The suggested plant location is the eastside of the URDS Hanson’s pond close to the proposed plant, for dewatering the spoils into the Authority’s Urban Runoff Diversion System (“URDS”) with the soils removed and trucked to the proposed plant to be processed and then hauled offsite by Ortiz’s own trucks. Thought has been given as to what roads would be used for truck hauling particularly from the Sweetwater site. The Parra Report recommended the use of the intersection at Reservoir Dr. and Jamacha Blvd. as being the location for truck access to and from the Sweetwater site. We believe this intersection would be too busy to accommodate the additional trucking traffic and not very useful for access. It would be better to use a signalized intersection (e.g. Maya St. and Jamacha Blvd. or a similar intersection) to accommodate the number of truck trips we believe will be involved in the dredging/mining operation. As for the Loveland Site, we would be dewatering the spoils at the proposed plant and trucking the processed soils out using a private unpaved road adjacent to the proposed Loveland site and thereafter to Japalul Road, for trucking traffic.

In addition, all dredging/mining operations would be coordinated around thebird nesting season (August through March) and the Authority’s water transfer periods between Loveland and Sweetwater (January to late February).

Finally, since the Sweetwater Community Plan and the Alpine Community Plan (as updated and proposed) provides for the preservation and enhancement of archaeological sites and paleontology deposits - particularly in the areas surrounding the streams and hillside in both areas, Ortiz would also hire experts in this regard since these are areas indicating both archaeological and paleo sensitivity.

We have included a list of Ortiz projects with public agencies and reference materials attached hereto as Exhibit “B” for your information and look forward to hearing from you on this letter of interest.

Sincerely,

[Signature]

Jose Ortiz
Operations Manager

Attachments

cc: Carlos Molina, Project Manager, Ortiz Corporation
    Cindy Casselman, General Counsel, Ortiz Corporation
    Peter Tomsovic, Helix Environmental Planning
EXHIBIT “A-1”

PROPOSED SWEETWATER PLANT
EXHIBIT "B"

LIST OF PROJECTS & REFERENCES

Projects:

Miramar Trunk Sewer (1998): Installation of a Trunk Sewer main in the riparian area of Rose Canyon in the City of San Diego. Resident Engineer (retired): Mike Ninh, City of San Diego

Dewatering Projects- City of San Diego

1. Citywide Sewer Pump Station Upgrades Group II K-11-5052-C (2012) City of San Diego. This project was originally awarded to another contractor who was unable to continue due to financial difficulties on other projects and only got as far as mobilization when it was then taken over by the contractor's surety who in conjunction with the City's recommendation, awarded this project to Ortiz.

   This Contract encompassed the upgrade of five (5) sewer pump stations located throughout the City of San Diego. In specific, the Mission Bay Pump Station 43, required the construction of a large emergency holding tank within the influence of sea water. Ortiz extracted an average of 350gpm, treated and re-introduced into the City's sewer system. Project Contact Ken Zerehpoush, Supervising Engineer 6858-627-3010.

2. Sewer and AC Water Group 827 K-16-1352-DBB 3-A (2017): Installation of 34" O.D pipe via micro-tunneling trenchless method. The Project was in San Diego’s Mission Bay area and it involved significant dewatering and spoil management from the tunneling operation. The dewatering demanded an equipment system to manage approximately 350gpm, including but not limited to: 300+/--dewatering wells, collector, transfer tanks/pumps, settling tanks, aeration tanks, filtration system, Granulated Carbon system, ultraviolet light treatment, and re-introduced water back into the bay while running bioassay water monitoring. All work was coordinated with Regional Water Quality Board and City of San Diego’s Industrial Waste Department.

   The micro-tunnel system required the processing of slurry generated from the drilling operation. The slurry was rich with product typically found in riverbeds including but not limited to: The spoils consisted of medium to fine silty sand, clay, gravels, and organics. The organics required the use of polymers to settle them in the weir tanks. Centrifuges were used downstream of the weir tank to remove solids in the water in order to reuse the water back into the micro-tunneling process. Contact: Stephen Lindsay, City of San Diego Assistant Director Public Works 858-627-3200.

3. Sewer Group 786 K-18 1479-DBB 3-A (2019): Open trench and trenchless installation of 12" and 8" sewer main. Dewatering of localized high-water levels and contaminated hazardous and non-hazardous groundwater. The project is upstream of the Sewer and AC Water Group 827, but further from the coastline. Volumes were low enough to introduce the water back into the sewer system after treatment process. Treatment process was limited to weir tanks, bag filters and granulated activated carbon system. Contact Chris Kelly, Resident Engineer, 619-993-9236.
References:

City of San Diego-Materials Laboratory
Randy Encinas
858-627-3289
9491 Aero Dr.
San Diego, CA 92123

Hanson Aggregates
Jack Pearson
858-577-2701
West Region-San Diego
PO Box 639069
San Diego, CA 92163

Robertson’s Ready Mix
Vince Encarnacion
717-438-0945
PO Box 3600
Corona, CA 92878

Cemex
Dain Deforest
858-627-3289
4120 E. Jurupa St., Ste. 202
Ontario, CA 91761
January 8, 2020

Sweetwater Authority
505 Garrett Avenue
Chula Vista, CA 91910
Attn: Jennifer Sabine

Re: Letter of Interest, Sand Mining at Sweetwater and Loveland Reservoirs

Dear Ms. Sabine:

This letter is in response to Tish Berge’s letter of October 28, 2019 to inform you that Vulcan Materials Company (www.vulcanmaterials.com) has an interest in mining sand from the Sweetwater and Loveland reservoirs in San Diego County.

Vulcan is California’s and the nation’s largest producer of construction aggregates, and has been producing and selling aggregates in San Diego County for over 40 years. Vulcan is a NYSE-listed company with annual revenues of $4.4 billion and a market capitalization of $15 billion. We have received over 58 environmental awards and recognitions over the past 11 years and maintain a 98% citation-free inspection rate with state and federal environmental agencies in the twenty states in which we have operations.

We have an active dredging operation in Los Angeles County and we have historically operated a dredging operation in Orange County with the local water district. Thus, Vulcan believes we have the operating expertise and experience to meet your three stated objectives:

- Generating revenue for the Authority
- Creating usable water storage capacity
- Minimizing environmental impacts

We did attend and receive useful information about this proposed project at your November 29th Industry Forum. However, it would be helpful to get some additional information regarding permitting requirements and assistance, reserve quality and quantity, mining areas and potential turbidity issues, among other matters, in order to evaluate whether we could mine a sufficient percentage and quantity of ASTM C-33 washed concrete sand for this to be a profitable venture for all parties. Based on a better understanding of these items, we should have sufficient information to determine if this effort would be economically viable and to make a proposal to the Authority, including a contemplated royalty structure.
We would therefore propose that we meet in person to discuss this project in further detail at your earliest convenience. We would plan on having a permitting consultant in attendance along with our primary contact for this meeting/project:

Mr. John Atkins  
Area Operations Manager  
Vulcan Materials, Southern California Region  
10051 Black Mountain Road  
San Diego, CA 92126  
(619) 778-6572  
atkinsj@vmcmail.com

If you have any questions regarding this expression of interest, please feel free to contact me.

Sincerely,

[Signature]

Robert E. Sears, Jr.  
Vice President, Business Development  
searsb@vmcmail.com  
(818) 207-2237
Sand/Mine Dredging
Sweetwater & Loveland Reservoirs
Contents

- Who are we and where we came from
- Our experience
- Creating Competition in the Market
Ortiz Corporation is a local company with its roots in the South Bay. Our corporate offices are located at 2000 McKinley Ave., in National City, CA 91950. We are a general engineering contractor with over 100 employees, with over 30 years of construction experience to the industry. Our sister corporation, Border Recycling, LLC - has a location in the southern San Diego county area where it performs recycling and crushing operations. We specialize in bringing these manufactured products, as well as sourced aggregates into the local construction market.

We understand the concerns of the district in managing and maximizing their resources. As a stakeholder in that process, Ortiz is not just a customer of Sweetwater Authority, our principals, employees, friends and neighbors are as well.

- Hire local (local plant operators, trucking operators, environmental specialists, etc.)
- More money back into the community (creation of new jobs; creation of local distribution of sand/dredging operations).
- Tax revenue stays local
Our Experience

- As a result of the shortages of sand in the San Diego area, Ortiz has assisted Hanson and Robertson's Ready-Mix Companies in planning, developing, commissioning, operating and importing up to 26,000 tons per month in 2017 and 2018. Ortiz imported well over 200,000 tons of sand from Mexico over the past 2 years; we are familiar with the market.

- We have extensive experience in public works dewatering projects including managing silty/clays, environmental mitigation. Ortiz has installed over three hundred dewatering wells in the last three years. The treatment plants we have erected to treat this groundwater have allowed us to discharge much of the extracted water back to natural waterways.

- Our experience includes the processing and classifying of soils. Ortiz has excavated hundreds of thousands of tons of saturated soils within the last year. Our capabilities and infrastructure allow us to spread, dry, screen or blend these soils into reusable aggregates/soils, keeping much of this material out of landfills.

- Many of Ortiz's projects are located near riparian and environmentally sensitive habitats. Ortiz employees are well versed in working in areas that are restricted based on the local flora and fauna.
Ortiz anticipates today's volumes coming across the border equate to an annual economic impact to Mexico in the range of 45 to 55 million dollars. There's no question if a market exists, the question is which market will the product target. Ideally, we hope the gradations meet the ready-mix concrete requirements, if they do not, our secondary target market includes the construction utility markets, agricultural and landscaping industries.

Ortiz's experience can be a key in making sure that the Authority's profit is maximized for the benefit of the ratepayers.

By managing the mining/dredging operation long term, we feel that the Sweetwater Authority will realize a significant financial benefit.

By mining the sand long term, we can reduce demand from Mexico and shift production to the US and ultimately stop or reduce the import of sand coming across the border.

Producing sand locally from the Sweetwater mining operation will boost the local economy by utilizing local owner operators.

By contrast, the larger sand production specialists in the area have no incentive to meet the demands of the agency and ratepayers. Given the opportunity they will control the sand sourced from Mexico as well as the local market produced from the Sweetwater Authority sites.

Having an independent local, sustainable source for sand will create competition in the market, which is a benefit to all. Ensuring that the county has a viable source of sand, eliminating supply shortfalls will stabilize pricing of aggregates and concrete in the San Diego Economy.
MR. CHAIRMAN, MEMBERS OF YOUR BOARD:

MY NAME IS ABEL PARRA AND ERNIE HOFER HAS GIVEN ME HIS TIME TO ADDRESS YOUR BOARD. MR. HOFER IS HERE TO ANSWER ANY QUESTION YOU MAY HAVE FOR HIM.

I WISH TO INFORM THE BOARD OF MY ADDITIONAL EXPERIENCE THAT WAS NOT INCLUDED IN THE LETTER OF INTEREST THAT HOFER CORPORATION SUBMITTED. SHOULD HOFER CORPORATION BE SUCCESSFUL IN THE QUEST TO PARTNER WITH SWEETWATER AUTHORITY IN THE MINING OF SAND FROM YOUR RESERVOIRS, I WILL BE A PART OF HIS TEAM.

I AM AN INDEPENDENT CONSULTANT THAT HAS WORKED WITH A NUMBER OF SAND AND GRAVEL MINING OPERATORS, INCLUDING NELSON & SLOAN THAT MINED SAND FROM THE SWEETWATER RESERVOIR FOR APPROXIMATELY 10 YEARS, AND WITH HOFER CORPORATION AS THE SUBCONTRACTOR THAT DID THE ACTUAL MINING. I ALSO WORKED WITH L.E. MORRISON SAND PLANT THAT ALSO MINED SANDS FROM THE UPPER PORTIONS OF THE SWEETWATER RESERVOIR.

MY PARTICIPATION IN WORKING WITH THOSE TWO FIRMS INVOLVED WORKING WITH QUALITY CONTROL AND ENVIRONMENTAL ISSUES, I.E., RECOMMENDING MINING PROCEDURES AND THE PROCESSING OF ANY SUBSTANDARD MATERIALS ENCOUNTERED DURING MINING TO IMPROVED THEIR QUALITY FOR USE IN SALEABLE PRODUCTS.
While those two firms did no dredging within the reservoir, Hofer Corporation mined surface and below ground water to an approximate depth of 20 feet with a hydraulic excavator. L.E. Morrison did only surface mining.

Morrison also excavated sand within the Sweetwater River downstream of the Sweetwater Reservoir, as evidenced by an existing pond named after him located just upstream of Rohr Park. Morrison used a dragline with minor dredging at the end of his operations. When the County condemned his property for the regional park, he moved the sand to his plant in Spring Valley.

As was mentioned in the Letter of Interest Hofer Corporation was the dredging subcontractor for Nelson & Sloan in the Tijuana and San Diego Rivers; I was also an independent subcontractor for Nelson & Sloan in those two projects providing special quality control services and recommendations, as well as a liaison with various permitting agencies, e.g., County of San Diego, Fish and Game, and U.S. Corps of Engineers, among others. I worked closely with Hofer Corporation.

I have also worked directly with your Authority in providing a survey relative to a Sediment Evaluation Report for your Sweetwater...
RESERVOIR WATER STORAGE AND HABITAT MANAGEMENT PROGRAM. THIS WAS ABOUT 10 YEARS AGO.

I MENTION MY EXPERIENCES BECAUSE I BELIEVE THAT FIRST HAND KNOWLEDGE OF THE SITE AND APPROXIMATELY 8 YEARS OF DREDGING EXPERIENCE BY Hofer Corporation WITHIN San Diego County ARE CERTAINLY HELPFUL IN A PROPOSED WORKING RELATIONSHIP WITH YOUR Authority. THE COMBINED EXPERIENCES OF Hofer Corporation AND MYSELF CAN PROVIDE THAT RELATIONSHIP.

I WOULD LIKE TO RECOMMEND TO YOUR Board THAT PRIOR TO APPLYING FOR THE NECESSARY PERMITS AND FORMULATING A PARTNERSHIP WITH A MINING OPERATOR, A SURVEY BE CONDUCTED TO DETERMINE:

- THE BOUNDS OF POTENTIAL MINING, INCLUDING DEPTH FROM WATER SURFACE TO TOP OF SEDIMENT;
- THE QUALITY OF THE SEDIMENT;
- AN ESTIMATE OF THE QUANTITY AVAILABLE FOR MINING
- AN ESTIMATE OF ANY POTENTIAL UNUSEABLE MATERIAL

I BELIEVE THE PROPOSED OPERATION IS Viable AND IS A WIN-WIN SITUATION FOR ALL CONCERNED AND CAN BE COMPLETED WITHIN 7 TO 10 YEARS FROM THE START OF MINING, DEPENDING ON THE RESULTS OF THE SUGGESTED SURVEY AND THE PERMIT CONDITIONS OF THE ENVIRONMENTAL CONSTRAINTS, AND OF COURSE DEMAND FOR THE PRODUCTS.

HOFER CORPORATION WOULD LIKE TO BE YOUR PARTNER IN THE PROPOSED VENTURE.

THANK YOU FOR YOUR TIME.
San Diego: Sweetwater and Loveland Reservoir Dredging Opportunity

January 20, 2020
Today’s Topics:

- Overview of Vulcan Materials Company
- Our Expertise and Experience in Mining and Dredging
- Our Questions Related to this Project
- Next Steps and Timing
- Primary Vulcan Contact
Vulcan Materials: A Proven Strong Partner

- **Financial strength:** A solid, NYSE-listed public company

- **Expertise:** Nation’s (and California’s) largest supplier of construction aggregates, and a major producer of asphalt
  - Vulcan has operated in California for over 100 years, helping build some of the metropolitan area’s most iconic structures:
    - Petco Park, LA City Hall, Hollywood Bowl, 710 freeway, etc.

- **Reputation:** Vulcan Materials has been named as one of *Fortune Magazine’s* most admired companies **8 times**
  - Environmental excellence:
    - 98% citation-free inspection rate with state and federal environmental agencies over the twenty states in which we operate
    - 58 environmental awards and recognitions over the past 11 years
Largest Aggregates Supplier In the State and USA

AGGREGATES OPERATIONS:
176 Stone Quarries
47 Sand & Gravel
77 Yards & Distributors
24 Recrushed Concrete Rubble

READY-MIX CONCRETE OPERATIONS:
57 Ready Mix Plants
1 Other Concrete Products

HOT-MIX ASPHALT OPERATIONS:
50 Asphalt Plants

Counts based on plants active as of December 2014, including Zeleny plant.
## 12 Month Results

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* Note: Long-term debt = 28% of total assets; FY 2019 results available in late February 2020
Sample #1 of Dredging Capability: Irwindale, CA

- **Location**: Southern California
- **Type of Dredge/Capability**: Twin 20 yard buckets Clamshell; up to 2,000 tons/hour
- **Years of Operation**: Approximately 30 years
- **Water District Authority**: San Gabriel Basin
Sample #2 of Dredging Capability: Labelle, FL

- **Location:** Central Florida
- **Type of Dredge/Capability:** Open suction dredge; 500 tons/hour
- **Years of Operation:** 10 years
- **Water Authority:** South Florida Water Management District
Sample #3 of Dredging Capability: Irvine Lake, CA

- **Location:** Orange County
- **Type of Dredge/Capability:** Ladder, 1,000 tons/hour
- **Years of Operation:** 8 years
- **Water District Authority:** Serrano Water District
Questions / Information Sought to Develop Proposal

➤ Needed permits, timeline and cost

➤ Areas to be mined and desired timeline
  ➤ Turbidity concerns

➤ Estimated quality and quantity of reserves by site
  ➤ Percentage and quantity of ASTM C-33 sand

➤ Data available to review / site visits
Next steps

➢ Next steps discussion
  ➢ Actions Needed and Timing

➢ Any further questions?
Primary Vulcan Contact For This Project:

- John Atkins, Area Operations Manager
  Vulcan Materials Company
  10051 Black Mountain Road
  San Diego, CA 92126
  (619) 778-6572
  atkinsj@vmcmail.com