

1 **Encinitas-Solana Beach Coastal Storm Damage**  
2 **Reduction Project**

3  
4 **San Diego County, California**

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6 **Appendix G**

7  
8 **Real Estate**  
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13 **U.S. Army Corps of Engineers**  
14 **Los Angeles District**  
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19 **December 2012**  
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## Exhibits

- Exhibit A, Assessment of Non-Federal Sponsors Acquisition Capabilities
- Exhibit B, Non-Federal Sponsor Notification of Risks of Pre PPA Acquisition
- Exhibit C, Maps

## 1 Study Authority

The Feasibility study was authorized by a 13 May 1993 Resolution of the House Public Works and Transportation Committee, as follows:

***Resolved by the Committee on Public Works and Transportation of the United States House of Representatives, That, in accordance with Section 110 of the River and Harbor Act of 1962, the Secretary of the Army, acting through the Chief of Engineers, is directed to make a survey to investigate the feasibility of providing shore protection improvements in and adjacent to the City of Encinitas, California, in the interest of storm damage reduction, beach erosion control, and related purposes.***

And, a 22 April 1999 Resolution of the House Committee on Transportation and Infrastructure, which reads:

***Resolved by the Committee on Transportation and Infrastructure of the United States House of Representatives, That the Secretary of the Army, in accordance with Section 110 of the River and Harbor Act of 1962, is hereby requested to conduct a study of the shoreline along the City of Solana Beach, San Diego County, California, with a view to determining whether shore protection improvements for storm damages reduction, environmental restoration and protection, and other related purposes are advisable at the present time.***

**Location:** The Encinitas- Solana Beach coastal storm damage reduction study area is located along the Pacific Ocean in the Cities of Solana Beach and Encinitas, San Diego County, California. The City of Encinitas is approximately 10 miles (mi) south of Oceanside Harbor, and 17 mi north of Point La Jolla. The Encinitas shoreline is about 6 mi long. It is bounded on the north by Batiquitos Lagoon and on the south by San Elijo Lagoon. Immediately south of the City of Encinitas is the City of Solana Beach. Solana Beach is bounded by San Elijo Lagoon to the north and by the City of Del Mar on the south. It is approximately 17 mi south of Oceanside Harbor, and 10 mi north of Point La Jolla. Solana Beach's shoreline is about 2 mi long.

**Area/Length of Project:** The project area consists of two segments. Segment 1 (Reaches 3, 4, and 5) exists within the City of Encinitas and extends from the 700 Block of Neptune Avenue to Swami's Reef and is approximately 2.0 mi in length; Segment 2 exists within the City of Solana Beach and stretches from Table Tops Reefs to the southern limit of Solana Beach (Reaches 8 and 9) and is approximately 1.4 mi in length. Exhibit C shows the locations of the reaches in the study area. The non-Federal sponsors (NFS) are the City of Encinitas and the City of Solana Beach

## 2 Purpose

This report is prepared as part of the feasibility study for the Encinitas-Solana Beach Coastal Storm Damage Reduction project. It is anticipated that project construction authorization will come under a future Water Resources Development Act (WRDA) as a specifically authorized water resources project for the USACE. This report is submitted as the Real Estate Plan (REP) to support the decision to authorize the project under a future WRDA.

1 The purpose of the REP is to provide data and Lands, easements, relocations, rights-of-way  
2 and disposal site (LERRD) requirements necessary to support the feasibility study for the  
3 solution to the existing beach and bluff erosion problem along the shoreline in the City of  
4 Encinitas and the City of Solana Beach in San Diego County, California, that reduces coastal  
5 storm-related damages and complies with local, state, and federal environmental laws and  
6 regulations. This REP addresses the National Economic Development (NED) plan. The  
7 recommended plan consists of sand nourishment on the beach.

8  
9 In Segment 1, approximately 680,000 cy of beach quality sand would be initially placed along  
10 1.5 mi of shoreline providing a nourishment width of 100 ft at a Mean Sea Level (MSL). The  
11 beach fill would then naturally slope seaward at a slope of 10:1 (horizontal distance: vertical  
12 distance). Beach replenishment of an additional sand volume of 280,000 cy would occur on  
13 average every 5 years within the 50-year project lifetime.

14  
15 In Segment 2, approximately 960,000 cy of beach quality sand would be initially placed along  
16 1.4 mi of the shoreline, providing a nourishment width of 200 ft at a MSL. The beach fill would  
17 then naturally slope seaward at a slope of 10:1 (horizontal distance: vertical distance). Beach  
18 replenishment of an additional sand volume of 420,000 cy would occur on average every 13  
19 years within the 50-year project lifetime.

#### 20 21 **Prior real estate plans:**

22  
23 A prior REP on the combined “San Elijo Lagoon and Solana Encinitas Shoreline Protection  
24 Project” was prepared in November 2003. In late July 2005, a decision was made to separate  
25 the project into two projects. This REP was reformulated on a fast track timeline in order to  
26 complete a separate Feasibility Level Report on the Encinitas-Solana Beach coastal storm  
27 damage reduction project.

### 28 29 **3 Description of Lands, Easement, and Rights-of-Way**

30  
31 The NFS will acquire a lease from the California State Lands Commission for the offshore  
32 borrow area. The borrow lease will specify the purpose for the borrow and transport of offshore  
33 sand material and its specific location and placement for on-shore beach renourishment. On  
34 several similar shore protection projects in Southern California, the Los Angeles District has  
35 worked successfully with NFS that have acquired these California State Lands Commission  
36 (CSLC) leases to implement numerous coastal projects including dredging projects, harbor  
37 projects and shoreline protection projects. These instruments are issued by the CSLC in  
38 accordance with their jurisdictional control and administration of state lands and resources.  
39 Offshore leases to extract dredged material and on shore use permits issued under the authority  
40 of the CSLC have been used successfully to implement numerous beach renourishment and  
41 shoreline projects in the Los Angeles District and the Region. The use of what is an essentially  
42 a borrow site lease for the extraction and placement of the sand on the beach has been  
43 coordinated and endorsed during Agency Technical Review (ATR) and Division level review.  
44 Since this authorization is not “land based” they are not measurable or quantifiable in terms of  
45 acreage. The project requires offshore borrow areas to obtain material, the beach areas for  
46 placement, and temporary work easements for construction.

47  
48 The NFS will acquire a Perpetual Beach Storm Damage Reduction Easement from the State of  
49 California allowing the placement of sand on the beach. The NFS will acquire a lease  
50 agreement from the CSLC for the acquisition of beach replenishment material from possibly two

(2) offshore borrow areas. This lease grants permission to excavate and appropriate the mineral material situated in the offshore areas. Previous coastal projects in the State of California have been constructed under this identical framework. There is sufficient public parking available to the public free of charge or for a reasonable term. Public access to the beach is available via access points which are less than 1/2 mile apart.

The dredge and construction equipment are expected to operate on a 24/7 basis. Construction is planned to occur during a period of seasonably mild wave climate between April and September. However, two (2) beach access/temporary staging areas will be required for the term of construction, approximately six (6) months. Should equipment need to be temporarily moved off the beach, it will be stored at the access points. Any fueling or maintenance activities would occur at the nearest public street or parking lot. Parking is to be provided by the Non-Federal Sponsors. In Segment One, beach access and staging will be at Moonlight Beach. In Segment Two, beach access and staging will be at Fletcher Cove. The public access areas are already owned by the NFS. Sufficient public parking is available to the public free of cost or through reasonable terms.

**4 LERRD Required for the Project**

*Land interests required for essential portions of project*

Feature	Tracts	Owners	Interest to be acquired	Acres
Segment #1 City of Encinitas		State of California	Perpetual Beach Storm Damage Reduction Easement	17 acres
Segment #1 Staging Area, City of Encinitas		City of Encinitas (NFS)	Temporary Work Area Easement	0.80 acres
Segment #2 City of Solana Beach		State of California	Perpetual Beach Storm Damage Reduction Easement	24.27 acres
Segment #2 City of Solana, Staging Area		City of Solana Beach (NFS)	Temporary Work Area Easement	0.50
Borrow Site SO-6		State of California (CSLC)	Borrow Easement	TBD
Borrow Site SO-5		State of California (CSLC)	Borrow Easement	TBD
Borrow Site MB-1		State of California (CSLC)	Borrow Easement	TBD

**5 Real Property Owned By The Non Federal Sponsor Required For This Project and crediting**

Temporary staging area and beach access in Segment One are owned and managed by the City of Encinitas. Temporary staging area and beach access in Segment Two are owned in fee and managed by the City of Solana Beach.

**6 Existing Federal Projects That Lie Within LER Required For The Project**

There are no existing Federal projects within the LER required for this project. There is no evidence that the LER required for this project was previously provided as an item of a local cooperation.

**7 Existing Federal Land Required For The Project**

There are no federally owned fee lands in the project area.

**8 Navigational Servitude**

The navigational servitude is not being invoked for this project.

**9 Maps**

The Real Estate Project Maps are attached as Exhibit C of this Appendix. A more detailed Real Estate Map will be provided once the project has been authorized.

**10 Potential Flooding Induced by Construction, Operation, or Maintenance of Project**

This is a shoreline protection project involving dredging operations and placement of dredged material on the beach. It will not entail any construction-induced flooding.

**11 Baseline Cost Estimate for Real Estate**

The following cost estimates are based on the assumption that no privately owned lands are required for the construction, operation, and/or maintenance of this project:

<b>Real Estate Costs</b>				
<b>Federal project portions</b>				
<b>Item:</b>	<b>Federal</b>	<b>Local</b>	<b>Subtotal</b>	<b>Total</b>
Administration	\$10,000.00	\$0.00	\$10,000.00	\$10,000.00
Payments for Real Estate	\$0.00	\$0.00	\$0.00	
Relocations	\$0.00	\$0.00	\$0.00	
<b>TOTAL FEDERAL COSTS:</b>			\$10,000.00	\$10,000.00
<b>Non-Federal project portions</b>				
<b>Item:</b>	<b>Federal</b>	<b>Local</b>	<b>Subtotal</b>	
Temp Work Easement (yearly)	\$0.00	\$20,000.00	\$20,000.00	\$20,000.00
Administration	\$0.00	\$5,000.00	\$5,000.00	\$5,000.00
Fees-State of California	\$0.00	\$23,000.00	\$23,000.00	\$23,000.00
Off-shore Mitigation Sites (Three)	\$0.00	TBD	TBD	
Contingency (25%)				\$14,500.00
<b>Total:</b>				\$72,500.00

The above table is only an estimate of costs derived from consultations with the district appraisal section, the State of California, and research using publically available data. The contingency was added to account for future escalation of real estate costs over the next three years. When the PPA is signed, the Sponsor will begin acquisition based on a design memorandum depicting the project boundaries, and mitigation parameters as stated in the feasibility report. Dredging costs will be incurred for the initial dredging event. Any additional dredging beyond the scope of the permit issued by the State of California will most likely add to the project costs. Costs for off-shore mitigation sites cannot be determined at this time, because of uncertainty regarding costs estimates from the State of California.

**12 Relocation Assistance Benefits Anticipated**

There are no Public Law 91-646 relocations to consider within the proposed project area.

**13 Mineral/Timber Activity**

There is no known mineral activity currently occurring inside the selected project areas. There is no known timber harvesting within the project boundary that would affect the project.

**14 Non-Federal Sponsor’s Legal and Professional Capability and Experience to Acquire and Provide LERrd**

The NFS have the legal authority, the human resource capabilities, and the financial resources to sponsor this project. The NFS already own the areas needed for temporary work area easements and will make them available to the project.

**15 Application or Enactment of Zoning Ordinances**

There are no special zoning ordinances proposed to be enacted in connection with this project.

**16 Schedule of all Land Acquisitions**

Detailed acquisition schedules have been outlined below. The NFS will be directed to begin real estate property acquisitions for the project only after the Project Partnership Agreement (PPA) is fully executed. The NFS will provide in-progress review (IPR) reports on the status of the acquisition program at periodic intervals, and advise the USACE immediately of any delays or unforeseen circumstances which could affect the availability of real estate needed for construction

Schedule of Land Acquisition	Dates			
	Corps of Engineers		Local Sponsor	
Activity	Initiate	Complete	Initiate	Complete
Receipt of final Drawings from Engineering /Project Manager	10/1/2012	12/1/2012		
Execution of PPA	3/31/2013			
Formal Transmittal of final ROW drawings to LS and instructions to acquire LER	6/1/2013	10/31/2013		
Mapping, legal description, title evidence			6/1/2013	8/31/2013
Conduct appraisals, negotiations & closing			6/1/2013	8/31/2013
Authorization for Entry for Construction	10/1/2013			
Commence Construction			10/1/2013	12/1/2015

**17 Facility and or Utility Relocations**

Despite the presence of public utilities, there is no planned facility or utility relocations. Based on current project formulation information, the dredge borrows areas and the planned site for beach re-nourishment does not necessitate any utility or facility relocations. If a facility or utility relocation is required, at a later date, an Attorney’s Opinion of Compensability will be provided.

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## 18 Impact on Real Estate Acquisition Due to Suspected or Known Contaminants

The NFS fully understand their responsibilities for assessing the properties for any potential or presence of hazardous waste materials as defined and regulated under CERCLA. There are no known “Superfund” sites or sites presently under CERCLA remediation or response orders identified in the project area. There is no known presence of any substances in the project area that are regulated under CERCLA or other environmental statutes or regulations. Assessments and site investigations for the presence of such substances have not been conducted to date. The LERRD estimate (i.e. Gross appraisal) is predicated on the assumption that all lands and properties are clean and require no remediation. The model Project Partnership Agreement (PPA) conditions shall be followed in assigning responsibility and cost allocation for such matters.

## 19 Known or Anticipated Support or Opposition to Project

Public participation has taken place throughout the feasibility study phase. Several public workshops were held throughout the study process. There is general support for coastal storm damage reduction project. A final public hearing will be held following the Public Release of the Integrated Report.

## 20 Notification of sponsor as to Pre-PPA Risks

The sponsor has been notified in writing about the risks associated with acquiring lands prior to the execution of a PPA and the Government’s formal notice to proceed with acquisition. See Exhibit B

## 21 Non-Standard Estates

The NFS will be required to obtain and secure adequate property rights for this project as intended. There are no proposed non-standard estates. However, a lease will need to be obtained by the Sponsor from the State of California for the beach replenishment area as depicted on exhibit “C”.

### Recommended Estates:

The standard states for temporary work areas are recommended to be used for this project. The NFS will be acquiring a lease to borrow materials from the offshore borrow site and a shoreline use permit from the California State Lands Commission. In the course of project formulation, ATR review, the AFB review and consultation within the District and with Division counterparts, the use of what is essentially a borrow site lease issued by the California State Lands Commission to the Non-Federal Sponsor has been sufficient to implement the project.

Per the California State Lands Commission, California became a state on September 9, 1850, and thereby acquired nearly 4 million acres of land underlying the States’ navigable and tidal waterways. Known as “Sovereign Lands”, these lands included the beds of: 1) more than 120 rivers, streams, and sloughs; 2) nearly 40 non-navigable lakes, such as Lake Tahoe and Clear Lake; 3) the tidal navigable bays and lagoons and; 4) the tide and submerged lands adjacent to the entire coast and offshore islands of the State from mean the mean high tide line to three miles offshore. This watery domain, equal in size to Connecticut and Delaware combined, is managed by the California State Lands Commission.

1 Thus, the State holds its “sovereign lands” in public trust. They can only be used for public  
2 purposes consistent with provisions of the public trust such as fishing, water dependent  
3 commerce, navigation, and ecological preservation and scientific study.  
4

5  
6 **TEMPORARY WORK AREA EASEMENT**  
7

8 A temporary easement and right-of-way in, on, over and across the land described in  
9 Exhibit C for a period not to exceed \_\_\_\_\_ years, beginning with the date possession  
10 and use of the land is granted to \_\_\_\_\_ {Name of Non-Federal  
11 Sponsor} for the use of this Grantee, its representatives, agents, and contractors as a  
12 work area including the right if access, ingress and egress, and including the right to  
13 borrow and deposit fill, spoil and waste material thereon, move store and remove  
14 equipment and supplies and erect and remove any temporary structures placed on the  
15 land; and to perform any other work necessary and incidental to the Encinitas-Solana  
16 Beach Coastal Storm Damage Reduction Project; reserving however to the landowners,  
17 their heirs and assigns, all such rights and privileges as may be used without interfering  
18 with or abridging the rights and easement hereby acquired; subject however, to existing  
19 easements for public roads and highways, public utilities, railroads and pipelines.  
20

21  
22 **BORROW DREDGE OPERATIONS EASEMENT**  
23

24 A perpetual and assignable right and easement to clear, borrow, excavate, dredge, and  
25 remove soil, sand, silt, dirt, sediment and other material from the land described in  
26 Exhibit C, to construct maintain and clear channels, maintain the tidal inlet and  
27 connection to the ocean, as described and contained in the approved Chief of  
28 Engineers report and Environmental Impact Statement, Operations and Maintenance  
29 Manuals and other such documents related to initial construction and ongoing operation  
30 and maintenance of the project.

ASSESSMENT OF NON-FEDERAL SPONSOR'S  
REAL ESTATE ACQUISITION CAPABILITY  
SOLANA BEACH & ENCINITAS SHORELINE PROTECTION PROJECT

CITY OF SOLANA BEACH

August 17, 2011

I. Legal Authority:

- a) Does the sponsor have legal authority to acquire and hold title to real property for project purposes? **Yes.**
- b) Does the sponsor have the power of eminent domain for this project? **For private property yes. For State lands, no.**
- c) Does the sponsor have a “quick-take” authority for this project? **No, but this is not expected to be needed for this project.**
- d) Are any of the lands/interests in land required for the project located outside the sponsor’s political boundary? **Yes. The California State Lands Commission owns the land seaward of the mean high tide line and the California Coastal Commission has regulatory permit jurisdiction.**
- e) Are any of the lands/interests in land required for the project owned by an entity whose property the sponsor cannot condemn? **Yes, State lands.**

II. Human Resource Requirements:

- a) Will the sponsor’s in-house staff require training to become familiar with the real estate requirements of Federal projects including P.L. 91-646, as amended? **Yes, if required.**
- b) If the answer to II a is yes, has a reasonable plan been developed to provide such training? **Not yet, but not likely needed either. If a plan is needed, one will be developed.**
- c) Does the sponsor’s in-house staff have sufficient real estate acquisition experience to meet its responsibilities for the project? **Yes, as required by the project.**
- d) Is the sponsor’s projected in-house staffing level sufficient considering its other work load if any, and the project schedule? **Yes.**
- e) Can the sponsor obtain contractor support, if required, in a timely fashion? **Yes.**
- f) Will the sponsor likely request USACE assistance in acquiring real estate? **No. Not needed.**

III. Other Project Variables:

- a) Will the sponsor’s staff be located within reasonable proximity to the project site? **Yes.**
- b) Has the sponsor approved the project/real estate schedule/milestones? **Yes.**

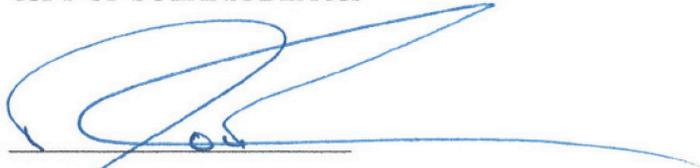
IV. Overall Assessment:

- a) Has the sponsor performed satisfactorily on other USACE projects? **Yes.**
- b) With regard to this project, the sponsor is anticipated to be **highly capable.**

V. Coordination:

- a) Has this assessment been coordinated with the sponsor? **Yes.**
- b) Does the sponsor concur with this assessment? **Yes.**

CITY OF SOLANA BEACH



David Ott, City Manager

Reviewed and approved by:

\_\_\_\_\_  
Theresa M. Kaplan

Chief of LA Asset Management Division

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**EXHIBIT A**

**ASSESSMENT OF NON-FEDERAL SPONSOR'S  
REAL ESTATE ACQUISITION CAPABILITY  
SOLANA BEACH & ENCINITAS SHORELINE PROTECTION PROJECT**

**CITY OF ENCINITAS  
August 17, 2011**

I. Legal Authority:

- a) Does the sponsor have legal authority to acquire and hold title to real property for project purposes? **N/A**
- b) Does the sponsor have the power of eminent domain for this project? **No, the project involves placing sand on lands owned by the State. The City does not have eminent domain power over the State.**
- c) Does the sponsor have a “quick-take” authority for this project? **No, but not needed for this project.**
- d) Are any of the lands/interests in land required for the project located outside the sponsor’s political boundary? **Yes. The California State Lands Commission owns the land seaward of the mean high tide line and the California Coastal Commission has regulatory permit jurisdiction. The State Parks Department has jurisdictional ownership over the majority of Encinitas beaches.**
- e) Are any of the lands/interests in land required for the project owned by an entity whose property the sponsor cannot condemn? **Yes, State lands & State Parks.**

II. Human Resource Requirements:

- a) Will the sponsor’s in-house staff require training to become familiar with the real estate requirements of Federal projects including P.L. 91-646, as amended? **Yes.**
- b) If the answer to II (a) is yes, has a reasonable plan been developed to provide such training? **Not yet. If a plan is needed, one will be developed.**
- c) Does the sponsor’s in-house staff have sufficient real estate acquisition experience to meet its responsibilities for the project? **Yes, as required by the project.**
- d) Is the sponsor’s projected in-house staffing level sufficient considering its other work load if any, and the project schedule? **Yes.**
- e) Can the sponsor obtain contractor support, if required, in a timely fashion? **Yes.**
- f) Will the sponsor likely request USACE assistance in acquiring real estate? **No. Not needed.**

III. Other Project Variables:

- a) Will the sponsor’s staff be located within reasonable proximity to the project site? **Yes.**
- b) Has the sponsor approved the project/real estate schedule/milestones? **Yes.**

IV. Overall Assessment:

- a) Has the sponsor performed satisfactorily on other USACE projects? **Yes.**
- b) With regard to this project, the sponsor is anticipated to be highly **capable.**

V. Coordination:

- a) Has this assessment been coordinated with the sponsor? **Yes.**
- b) Does the sponsor concur with this assessment? **Yes.**

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CITY OF ENCINITAS

\_\_\_\_\_  
Gus Vina, City Manager

Reviewed and approved by:

\_\_\_\_\_  
Theresa M. Kaplan  
Chief of LA Asset Management Division

**EXHIBIT A**



REPLY TO  
ATTENTION OF:

**DEPARTMENT OF THE ARMY**  
LOS ANGELES DISTRICT, CORPS OF ENGINEERS  
ARIZONA ASSET MANAGEMENT OFFICE  
3636 N CENTRAL AVE, SUITE 900  
PHOENIX, ARIZONA 85012-1939

November 21, 2011

CESPL-AM-AZ-A

David Ott  
City of Solana Beach  
635 South Highway 101  
Solana Beach, CA, 92075

Dear Mr. Ott:

During the planning and feasibility phase of civil projects, the U. S. Army Corps of Engineers identifies the estimated need and extent of real estate interests required for the proposed project. My staff and I have been working on the Solana Beach/ Encinitas Shoreline real estate requirements and have come up with some initial estimates.

When real estate requirements are determined, Government regulations require us to send a letter advising the sponsor of the risks involved in acquiring necessary real estate interests prior to execution of the Project Partnership Agreement (“PPA”).

This letter constitutes official notice of the risks involved with acquiring property rights for the proposed protection and re-nourishment of the Solana Beach/ Encinitas Shoreline located in the Cities of Solana Beach and Encinitas, CA, prior to the signing of the PPA. As the non-Federal sponsor, the city of Solana Beach assumes full and sole responsibility for any and all costs, responsibility, or liability arising out of the acquisition effort. Generally, these risks include, but are not limited to, the following:

1. Congress may not appropriate funds to construct the proposed project;
2. The proposed project may otherwise not be funded or approved for construction.;
3. A PPA, mutually agreeable to the non-Federal sponsor and the Government, may not be executed and implemented;
4. The non-Federal sponsor may incur liability and expense by virtue of its ownership of contaminated lands, or interests therein, whether such liability should arise out of local, state, or Federal laws or regulations including liability arising out of CERCLA as mentioned;
5. The non-Federal sponsor may acquire interests or estate that are later determined by the Government to be inappropriate, insufficient, or otherwise not required for the project;
6. The non-Federal sponsor may incur costs or expenses in connection with its decision to acquire or perform LERRD (lands, easements, rights-of-way, relocations, disposal areas) activities in advance of the executed PPA and the Government’s notice to proceed which might not be creditable under the provisions of Public Law 99-662 or the PPA; and

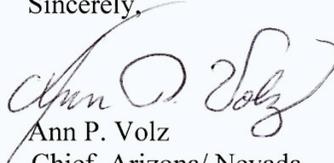
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The non-Federal sponsor may initially acquire insufficient or excessive real property acreage which may result in additional negotiations and/or benefit payments under P.L. 91-646 as well as the payment of additional fair market value to affected landowners which could have been avoided by delaying acquisition until after PPA execution and the Government’s notice to commence acquisition and performance of LERRD.

If you have any questions please contact Joseph Gatti at 602-230-6966 or joseph.m.gatti@usace.army.mil or feel free to contact me at 602-230-6960 or ann.p.volz@usace.army.mil.

Sincerely,



Ann P. Volz  
Chief, Arizona/ Nevada  
Asset Management Office

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**EXHIBIT B**



**DEPARTMENT OF THE ARMY**  
LOS ANGELES DISTRICT, CORPS OF ENGINEERS  
ARIZONA ASSET MANAGEMENT OFFICE  
3636 N CENTRAL AVE, SUITE 900  
PHOENIX, ARIZONA 85012-1939

REPLY TO  
ATTENTION OF:

November 22, 2011

CESPL-AM-AZ-A

Larry Watt  
Director of Public Works  
505 Vulcan Avenue  
Encinitas, CA 92024

Dear Mr. Watt:

During the planning and feasibility phase of civil projects, the U. S. Army Corps of Engineers identifies the estimated need and extent of real estate interests required for the proposed project. My staff and I have been working on the Solana Beach/ Encinitas Shoreline real estate requirements and have come up with some initial estimates.

When real estate requirements are determined, Government regulations require us to send a letter advising the sponsor of the risks involved in acquiring necessary real estate interests prior to execution of the Project Partnership Agreement (“PPA”).

This letter constitutes official notice of the risks involved with acquiring property rights for the proposed protection and re-nourishment of the Solana Beach/ Encinitas Shoreline located in the Cities of Encinitas and Solana Beach, CA, prior to the signing of the PPA. As the non-Federal sponsor, the city of Encinitas assumes full and sole responsibility for any and all costs, responsibility, or liability arising out of the acquisition effort. Generally, these risks include, but are not limited to, the following:

1. Congress may not appropriate funds to construct the proposed project;
2. The proposed project may otherwise not be funded or approved for construction.;
3. A PPA, mutually agreeable to the non-Federal sponsor and the Government, may not executed and implemented;
4. The non-Federal sponsor may incur liability and expense by virtue of its ownership of contaminated lands, or interests therein, whether such liability should arise out of local, state, or Federal laws or regulations including liability arising out of CERCLA as mentioned;
5. The non-Federal sponsor may acquire interests or estate that are later determined by the Government to be inappropriate, insufficient, or otherwise not required for the project;
6. The non-Federal sponsor may incur costs or expenses in connection with its decision to acquire or perform LERRD (lands, easements, rights-of-way, relocations, disposal areas) activities in advance of the executed PPA and the Government’s notice to proceed which might not be creditable under the provisions of Public Law 99-662 or the PPA; and

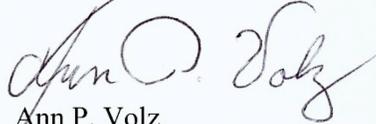
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The non-Federal sponsor may initially acquire insufficient or excessive real property acreage which may result in additional negotiations and/or benefit payments under P.L. 91-646 as well as the payment of additional fair market value to affected landowners which could have been avoided by delaying acquisition until after PPA execution and the Government’s notice to commence acquisition and performance of LERRD.

If you have any questions please contact Joseph Gatti at 602-230-6966 or joseph.m.gatti@usace.army.mil or feel free to contact me at 602-230-6960 or ann.p.volz@usace.army.mil.

Sincerely,

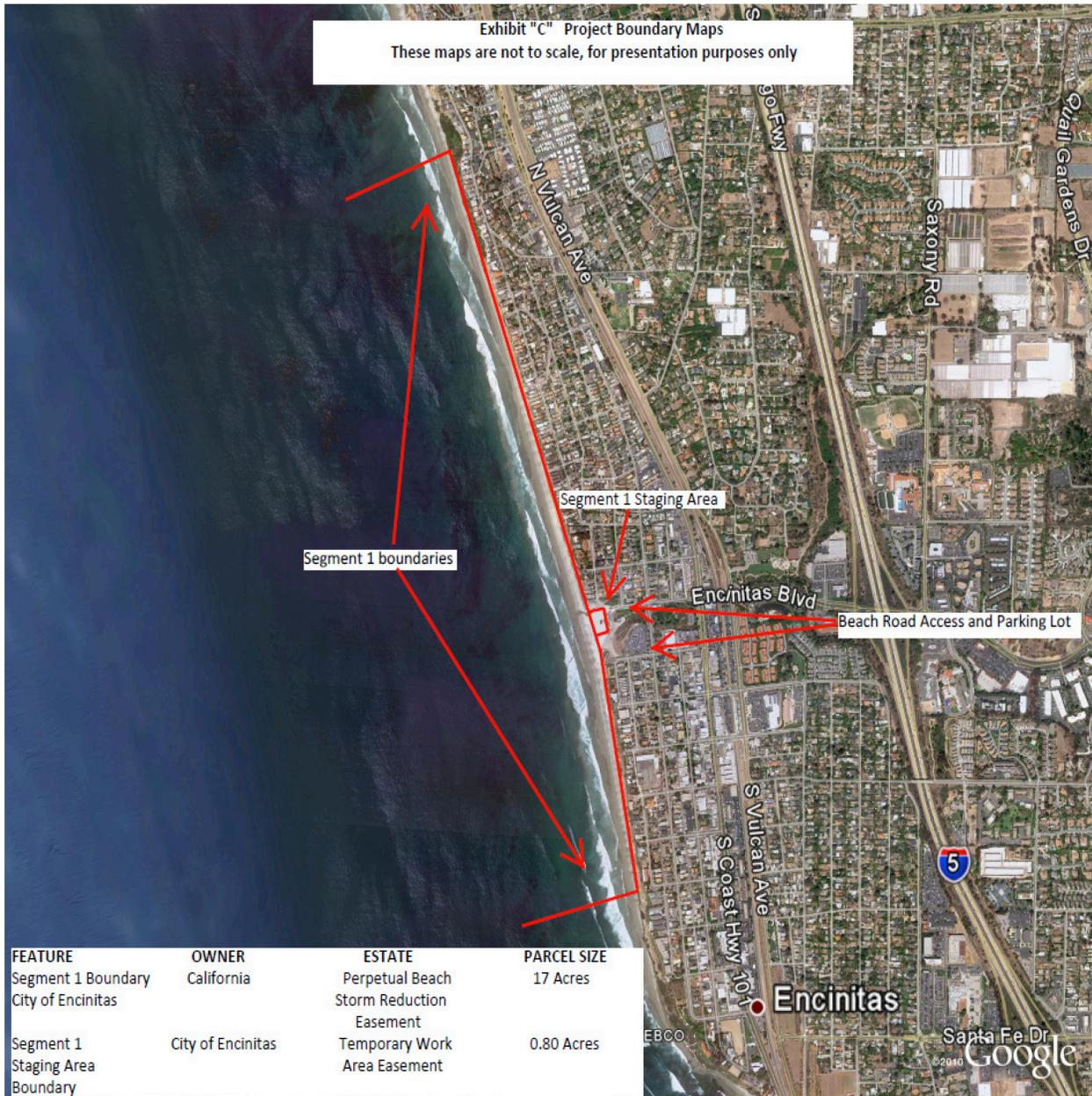


Ann P. Volz  
Chief, Arizona/ Nevada  
Asset Management Office

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**EXHIBIT B**

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**EXHIBIT C**

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**EXHIBIT C**

### Borrow Sites



North Solana Beach Off-Shore Borrow Site

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### EXHIBIT C



South Solana Beach Off-Shore Borrow Site

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EXHIBIT C



San Diego Off-Shore Borrow Site

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EXHIBIT C