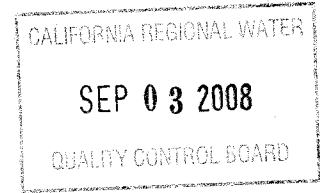




HANSON PERMANENTE CEMENT PLANT
24001 STEVENS CREEK BOULEVARD
CUPERTINO CALIFORNIA 95014-5659

September 2, 2008



Brian Wines
San Francisco Bay Regional Water Quality Control Board
1515 Clay Street, Suite 1400
Oakland, CA 94612

Re: Cleanup and Abatement Order No. 99-018
Hanson Permanente Quarry

Dear Mr. Wines:

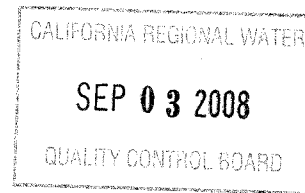
Thank you for meeting on August 20, 2008 to discuss Hanson Permanente Cement, Inc.'s (Hanson) progress towards completing its responsibilities under Cleanup and Abatement Order No. 99-018. We greatly appreciate the Board's time and input on this matter. This letter describes the work which, as discussed in our meeting, Hanson will perform to fulfill the remaining requirements of Cleanup and Abatement Order No. 99-018.

Background

Hanson operates a quarry and cement plant located west of the City of Cupertino. Quarrying began in 1903. Subsequently, in 1939, Hanson's predecessor received authorization from Santa Clara County to construct and operate a cement plant on lands adjacent to the quarry. Quarrying and cement manufacturing have been continuous since, and together those uses occupy a portion of Hanson's approximately 3,600 contiguous acres in this location.

Permanente Creek flows through Hanson's property. Permanente Creek is a natural stream that has its headwaters in the higher elevations of the Coast Range and flows eastward until it reaches the floor of the Santa Clara Valley. Permanente Creek enters Mountain View Slough approximately where the creek crosses the I-280 freeway, and from that point flows eventually enter the South San Francisco Bay. Permanente Creek follows a natural course until approximately mid-way through Hanson's property, when it reaches the first of a series of sedimentation basins, culverts and channelized segments intended to manage stormwater flow. Hanson manages and maintains these facilities as part of its normal operations.

The San Francisco Bay Regional Water Quality Control Board (Board) issued Cleanup and Abatement Order No. 99-018 (Order) on July 27, 1999. The Board issued the Order to address sediment discharge in Permanente Creek resulting from Hanson's operations. The Order required interim and long-term corrective measures for sediment control, and imposed numerous



requirements for investigating and mitigating impacts to Permanente Creek. (A copy of the Order is attached as Exhibit A.)

Hanson has satisfied the majority of the requirements imposed by the Order. The work performed by Hanson in response to the Order includes the maintenance of existing sedimentation basins, the construction and maintenance of additional off-creek sedimentation basins, implementation of various close stability measures, revegetation of certain areas, and the preparation of reports and studies. Hanson also has complied with the Order's inspection and reporting requirements. We believe that the Board is in agreement that Hanson's efforts have successfully reduced sediment loading into Permanente Creek.

The only remaining requirement of the Order for Hanson to satisfy is Item C-9, which requires Hanson to submit a technical report to the Board containing a proposal for a long-term creek restoration plan. Under the terms of the Order, this requirement would be completed in three phases. Item C-9 provides:

9. **By September 1, 2000** Hanson shall submit a technical report containing a proposal for a long term creek restoration plan (plan), acceptable to the Executive Officer, for all areas of the Creek area affected by the Facility. A creek restoration specialist must prepare the plan. This plan should build upon previous work including the tasks required above and be performed in three phases. The plan shall fully describe each phase, which should, at a minimum, include the following components:

- Phase 1: A system wide field reconnaissance (fluvial geomorphology), that includes problem(s) identification (determine cause/mode of failure), and data collection and analysis (e.g., biological, geotechnical, hydraulics & hydrology, sedimentation, survey and mapping, etc.). Properly performed field reconnaissance and problem identification should result in a good qualitative understanding of erosion and bank stability problems on a watershed scale. The purpose of this reconnaissance is to identify sites along the Creek that would ideally require some form of stabilization and/or restoration;
- Phase 2: Prioritization of candidate sites and a description of identified and potential solutions and design alternatives that incorporate information from Phase 1. Such a plan should consider appropriate fluvial geomorphologic design and the degree to which biotechnical measures and creek restoration design can be included as the solution; and,
- Phase 3: Submittal of implementation schedules for candidate sites and their associated design alternative(s) and solutions from Phase 2.

Hanson has completed the first of the three phases specified by Item C-9. On September 1, 2000, Hanson submitted to the Board a document prepared by URS and titled "Hanson Permanente Cement, Inc. Long-Term Restoration Plan." This document focused on Phase 1 of Item C-9, and contained a detailed study of the existing biologic, geomorphic and water-quality conditions within Permanente Creek. Phases 2 and 3 of Item C-9 were not finalized in connection with this document, however, and were left for future completion.

Proposed Work and Schedule

Hanson proposes at this time to complete Phases 2 and 3 of Item C-9. During our August 20, 2008 meeting, the Board expressed concurrence with this plan of action. Accordingly, Hanson will perform the following steps to complete the requirements of the Order:

1. By **November 15, 2008**, Hanson will submit to the Board a conceptual proposal of Phase 2 and Phase 3 of Hanson's long-term creek restoration plan (Plan). The purpose of this proposal is to obtain the Board's views, and the Board's concurrence, on the appropriate structure and content of the Plan.

2. By **April 15, 2009**, Hanson will submit to the Board a draft of the Plan. The Board indicated, during our August 20 meeting, that this was a reasonable time for providing the Board with a draft version of the Phase 2 and 3 report. We ask that you inform us if there is any disagreement on this question of timing, so that we may adjust our schedule accordingly.

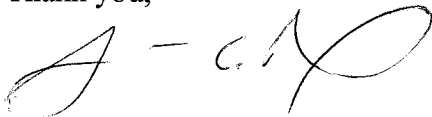
Once Hanson submits the draft Plan to the Board, we anticipate receiving the Board's comments on any changes or adjustments the Board may feel are necessary. After any changes are made and the Plan meets with the Board's satisfaction, Hanson will finalize the Plan and provide the Board with a copy. At that point, as discussed, we expect the Board will deem Hanson to have fully complied with the Order, and release Hanson from its obligations under the Order. We ask that you inform us if the Board's understanding differs from Hanson's in this regard.

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Conclusion

Hanson thanks the Board for its cooperation and assistance in this matter, and look forward to continuing to work with the Board to protect and enhance the resources on Hanson's property. Please contact me with any further questions or comments at (408) 996-4262 or at scott.renfrew@hanson.biz

Thank you,

A handwritten signature in black ink, appearing to read "S - C. Renfrew". The signature is fluid and cursive, with a large loop at the end.

Scott A Renfrew
Environmental Manager - Hanson Permanente Cement
24001 Stevens Creek Boulevard, Cupertino, CA 95014

cc: Dale Bowyer
Sean Hungerford, Esq.
Henrik Wesseling