FOR IMMEDIATE RELEASE

May 13, 2008

SHEA HOMES TO PAY $300,000 FOR ILLEGAL DISCHARGE OF WASTE

MANURE-LADEN WASTEWATER WAS RELEASED INTO CITY STREET AND SAN JACINTO RIVER

SACRAMENTO - The Riverside County District Attorney’s Office has filed a settlement of unfair business practice charges against Shea Homes (Shea), LLP related to an illegal discharge of dairy wastewater containing manure from a development site in San Jacinto, California. The illegal discharges were jointly investigated by the Santa Ana Regional Water Quality Control Board staff and the Riverside County District Attorney’s Office.

The site at issue was a former dairy facility that had containment ponds which held dairy wastewater. Under state law, Shea was required to develop and implement a Storm Water Pollution Prevention Plan (SWPPP) that addressed potential pollutant sources and control measures, including proper handling and disposal of the dairy wastewater.

“With the rapid pace of dairy land conversion to residential and other uses within the Santa Ana Region, developers must pay careful attention to prevent pollutant discharges from former dairy sites,” said Gerard Thibeault, the Executive Officer of the Santa Ana Regional Board.

However, Shea did not have an adequate SWPPP and when the ponds were demolished by a contractor on April 25, 2005, there were discharges of an estimated 108,000 gallons of manure-laden wastewater from those ponds. These discharges flowed offsite and flooded Ramona Boulevard and then entered a storm drain leading to the San Jacinto River. The discharge was exacerbated by an explosion at the site which occurred when the contractor struck a pressurized natural gas line. (Photo available at: http://www.waterboards.ca.gov/press_room/announcements/docs/peoplevsheahomes.pdf) The Regional Water Board investigators concluded that Shea’s lack of planning and negligence caused the discharge of manure-laden wastewater into the streets and the storm drain system.

As part of the settlement of the charges, Shea agreed to pay $300,000, including $100,000 as a civil penalty paid to the Riverside County District Attorney's Office, to resolve the matters.

Shea is co-developing the former dairy property with El Dorado Land Co., a subsidiary of the Ardenita Group. El Dorado Land Co. has agreed to correct Shea’s lack of planning and negligence.

The Regional Water Board will ensure that Shea has an adequate plan for the cleanup of the property. The Regional Water Board will also work with El Dorado Land Co. to ensure that the former dairy property is remediated to meet state requirements.

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Attorney’s Office and an additional $200,000 to the Water Board’s Cleanup and Abatement Account. Shea also agreed to publish an article in a trade magazine on the importance of pollution prevention plans and the special control measures that should be implemented to address dairy wastes during the development of former dairy facilities. Shea is also required to train its employees in storm water pollution prevention plans, to maintain records of inspections, and to prevent the discharge of dairy wastes and other pollutants during dairy decommissioning activities.