



STATE MINING AND GEOLOGY BOARD

EXECUTIVE OFFICER'S REPORT



ARNOLD
SCHWARZENEGGER
GOVERNOR

For Meeting Date: April 9, 2009

Agenda Item No. 3: Acceptance of California Geological Survey Special Report 212 on Mineral Land Classification of the First Industrial Realty Trust Day Street Site, Riverside County, California for Portland Cement Concrete-Grade Aggregate.

INTRODUCTION: The Surface Mining and Reclamation Act of 1975 provides under Public Resources Code (PRC) Section 2761 for the State Geologist to identify specific areas of the State that contain valuable mineral resources, and to classify those mineral resources according to guidelines developed by the State Mining and Geology Board (SMGB). One method by which the SMGB is made aware of areas for potential mineral classification is through the petition process, whereby a person may petition the SMGB to have specific lands undergo a mineral classification review. Petitions for mineral classification received by the SMGB are transmitted to the State Geologist for preliminary review. If the State Geologist believes sufficient information is available to conduct a mineral study, it will be recommended that the SMGB accept the petition and authorize the State Geologist to commence the study. Following submittal of a petition to the SMGB for mineral land classification of the proposed Day Street Site project located in Riverside County, the SMGB accepted the petition, and the State Geologist subsequently commenced the study. The SMGB is considering accepting California Geological Survey Special (CGS) Special Report 212 for the re-classification of mineral resource land for Portland Cement Concrete (PCC) - grade aggregate for this project.

REGULATORY ASPECTS: The SMGB has developed guidelines to help implement SMARA by providing the State Geologist with direction in carrying out mineral resource classification of lands in California (Guidelines for Classification and Designation of Mineral Lands). These guidelines are supported by statute. Pursuant to PRC 2761(b), "*the State Geologist shall classify, on the basis solely of geologic factors, and without regard to existing land use and land ownership... any area for which classification has been requested by a petition which has been accepted by the board...*"

Pursuant to PRC 2761(c), "*The State Geologist shall require the petitioner to pay the reasonable costs of classifying an area for which classification has been requested by the petitioner.*"

Pursuant to PRC Section 2761(d), "*The State Geologist shall transmit the information to the board for incorporation into the state policy and for transmittal to lead agencies.*"



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BACKGROUND: On behalf of First Industrial Realty Trust, TerraMins, Inc. submitted a petition to the State Mining and Geology Board (SMGB) dated August 6, 2008, for mineral land classification of the proposed Day Street project area located in Riverside County. The project consists of about 500 acres located north of the City of Perris, Riverside County. The project area is situated near urban development, and urban encroachment may constitute a threat to the intended mining of the mineral resources on the property.

A portion of the site has been historically mined for curbing stone, but the site has been idle for many years. The property currently is classified as a Mineral Resource Zone (MRZ) 3a for Portland cement concrete (PCC) - grade aggregate in accordance with CGS's Special Report 165. The petitioner is requesting that this area be reclassified as MRZ-2a and MRZ-2b, for PCC-grade aggregate.

The petition application was reviewed by the CGS's Minerals Resource Unit staff using revised criteria for consideration of petitions adopted in 1994 by the SMGB. The following determinations were made:

- Based on test information provided by the petitioner, the material likely will meet the quality specifications for PCC aggregate.
- Preliminary calculations based on information provided by the petitioner indicate that the parcel contains aggregate resources in excess of the threshold value of \$12,550,000 (1998 dollars), or \$16,666,000 (2007 dollars), required for classification as MRZ-2a and MRZ-2b.

Based on this preliminary review, the State Geologist recommended acceptance of the petition by the SMGB. The SMGB subsequently accepted the petition at its December 11, 2008, regular business meeting.

The State Geologist subsequently investigated and re-classified mineral resources for the First Industrial Realty Trust Day Street Site, Riverside County, from MRZ-3 to MRZ-2 for PCC-grade aggregate, as documented in CGS Special Report 212. The following conclusions were reported:

- Aggregate test results provided by the petitioner and analyzed by CGS staff indicated that the material present on the site meets the specification for use in PCC.
- Aggregate resources present at the site exceed the minimum threshold value of \$16,666,000 million (2007 dollars) established by the SMGB.



- The 500 acres comprising the First Industrial Realty Trust Day Street Site has been reclassified from MRZ-3 to MRZ-2 for PCC-grade aggregate.

EXECUTIVE OFFICER'S RECOMMENDATION: The Executive Officer has reviewed the CGS Special Report 212, and finds that it has been prepared in accordance with the SMGB's Mineral Classification and Designation Guidelines and the Surface Mining and Reclamation Act (SMARA; PRC Section 2710 et seq.). The Executive Officer recommends that the SMGB accept the Report and forward copies to Riverside County and to other affected lead agencies.

SUGGESTED MOTION LANGUAGE:

To Accept CGS Special Report 212:

Mr. Chairman, in light of the information before the SMGB today, I move that the Board find that California Geological Survey Special Report 212, "Mineral Land Classification of the First Industrial Realty Trust Day Street Site, Riverside County, California", has been prepared in accordance with the SMGB's guidelines and policies, and that the SMGB accepts the Report and instructs the Executive Officer to transmit the Report to Riverside County and other affected lead agencies.

Respectfully submitted:

Stephen M. Testa
Executive Officer

