



STATE MINING AND GEOLOGY BOARD

EXECUTIVE OFFICER'S REPORT

For Meeting Date: November 14, 2013

Agenda Item No. 4: Approval of Adjusted Financial Assurance Cost Estimate for Marin Quarry (CA Mine ID #91-09-0015), Sierra Pacific Industries (Operator), Mr. Richard Wade (Agent), County of El Dorado.

INTRODUCTION: The State Mining and Geology Board (SMGB) serves as the lead agency for the County of El Dorado pursuant to the Surface Mining and Reclamation Act of 1975 (SMARA, Public Resources Code (PRC) Section 2710, et seq.). SMARA requires that each surface mining operation maintain a financial assurance in an amount adequate to reclaim, in accordance with the requirements of an approved reclamation plan, the land disturbed by the mining operation at the conclusion of mining activities. SMARA lead agencies are required to annually review the financial assurance amounts for each surface mining operation, and adjust the amount, as necessary, to account for new land disturbed, inflation, or land reclaimed. In any event, the lead agency must ensure that the approved amount is adequate to reclaim the mine site according to the reclamation plan requirements (PRC Sections 2770 and 2773.1, and California Code of Regulations (CCR) Section 3804).

STATUTORY AND REGULATORY AUTHORITY: Financial assurance cost estimate adjustment requirements are discussed under SMARA, and within the SMGB's regulations and guidelines. Lead agencies are required to assure that financial assurances for reclamation are sufficient pursuant to Division 2, Chapter 9, Article 5 of PRC Section 2770(d) which states:

"The lead agency's review of reclamation plans submitted pursuant to subdivision (b) or of financial assurances pursuant to subdivision (c) is limited to whether the plan or the financial assurances substantially meet the applicable requirements of Sections 2772, 2773, and 2773.1, and the lead agency surface mining ordinance adopted pursuant to subdivision (a) of Section 2774, but, in any event, the lead agency shall require that financial assurances for reclamation be sufficient to perform reclamation of lands remaining disturbed. Reclamation plans or financial assurances determined to substantially meet these requirements shall be approved by the lead agency for purposes of this chapter. Reclamation plans or financial assurances determined not to substantially meet these requirements shall be returned to the operator within 60 days. Reclamation plans or financial assurances determined not to substantially meet these requirements shall be returned to the operator within 60 days. The operator has 60 days to revise the plan or financial assurances to address identified deficiencies, at which time the revised plan or financial assurances shall be returned to the lead agency for review and approval."



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In addition, PRC Section 2773.1(a) states:

*“...Lead agencies shall require financial assurances of each surface mining operation to ensure reclamation is performed in accordance with the surface mining operation's approved reclamation plan, as follows:
(3) The amount of financial assurances required of a surface mining operation for any one year shall be adjusted annually to account for new lands disturbed by surface mining operations, inflation, and reclamation of lands accomplished in accordance with the approved reclamation plan.”*

Furthermore, the SMGB's regulations pursuant to Article 11 of CCR Section 3804, Calculation of Financial Assurance Amount, states:

*“(a) The Financial Assurance Amount shall be calculated as prescribed in Public Resources Code Section 2773.1 and based on:
(1) an analysis of the physical activities and materials necessary to implement the approved reclamation plan;
(2) the lead agency's unit costs, or costs for third party contracting, for each of these activities, if applicable;
(3) the number of units of each of these activities, if applicable;
(4) a contingency amount not to exceed 10% of the reclamation costs.
(b) The calculated amount should not include the cost of completing mining of the site.
(c) In order for the lead agency or the Department of Conservation to determine what annual adjustments, if any, are appropriate to the Financial Assurance Amount, the operator shall annually submit to the lead agency a revision of the written calculation required under Section 3804(a).”*

BACKGROUND: The Marin Quarry is located on the south-facing flank of Peavine Ridge above the South Fork of the American River along the Highway 50 corridor in El Dorado County, CA. The quarry is underlain by fine- to coarse-grained granodiorite of Mesozoic age, which is mined for crushed aggregate products. Following blasting of bedrock, excavated materials are crushed, screened, stockpiled and subsequently hauled to various destinations. The reclamation plan encompasses approximately 30 acres of privately owned land.

Access to the site is from U.S. Highway 50 via Ice House Road. The site includes a scale house, main quarry area, interior sediment retention basin, equipment staging area, and a relatively small product stockpile. Sidecasting of overburden has occurred along the southern and western perimeter of the main quarry area. The main quarry area is thus enveloped along the southern and western perimeter by fill slopes with intervening benches. The western fill slopes were reconstructed in 2009, and additional drainage and erosion control structures were installed in 2009 and 2010. Sediment retention basins are situated on the western fill slope intervening bench and adjacent to the access road northeast of the scale house.

An inspection of the Marin Quarry surface mining operation was performed on August 19, 2013. Due to a lack of production during the past several years, the site is currently operating under an Interim Management Plan (IMP) that was approved by the SMGB on July 8, 2010. No violations or corrective measures were noted during the 2013 annual inspection. At time of inspection, approximately 15 acres were deemed disturbed. The financial assurance cost estimate has been adjusted to reflect current site conditions, current equipment, labor and fuel rates, and anticipated disturbance over the next calendar year. The financial assurance mechanism currently on file with the SMGB is in the amount of \$141,489.00. This financial assurance amount was approved by SMGB on July 10, 2008. The site remains subject to a financial assurance, and based on our recent analysis and review of site conditions and submitted documents, SMGB staff considers the revised financial assurance cost estimate in the amount of \$139,693.00 to be adequate to conduct and complete reclamation of the mined lands in accordance with the approved reclamation plan. The following table summarizes the adjusted financial assurance cost estimate:

FINANCIAL ASSURANCE COST ESTIMATE (FACE) ADJUSTMENT:

I.	Primary Reclamation Activities	\$ 45,470.00
II.	Revegetation	\$ 20,136.00
III.	Plant Structures and Equipment Removal	\$ -0.00-
IV.	Miscellaneous Costs	\$ 18,487.00
V.	Monitoring	\$ 8,280.00
	Total Direct Cost	\$ 92,373.00
VI.	Supervision/Overhead/Contingencies	
	a. Supervision (5.8%)	\$ 5,358.00
	b. Profit/Overhead (12.2%)	\$ 11,270.00
	c. Contingencies (10%)	\$ 9,238.00
	d. Mobilization (5.0%)	\$ 3,233.00
	Total Indirect Cost	\$ 29,099.00
	Total Direct and Indirect Costs	\$ 121,472.00
	Lead Agency administrative cost (15%)	\$ 18,221.00
	Total Estimated Cost for Reclamation	\$ 139,693.00



CONSIDERATIONS BEFORE THE SMGB: The SMGB may take the following actions:

1. Approve as adequate the adjusted financial assurance cost estimate, without additions;

[or]

2. Modify the adjusted financial assurance cost estimate, and then accept it as adequate;

[or]

3. Reject the adjusted financial assurance cost estimate as inadequate and order it to be redone.

EXECUTIVE OFFICER'S RECOMMENDATION: The adjusted financial assurance cost estimate for the Marin Quarry has been reviewed for its consistency and completeness in meeting the minimum requirements of SMARA, and the SMGB's regulations and guidelines. SMGB and OMR staff consider the subject adjusted financial assurance cost estimate adequate to reclaim the site in accordance with the approved reclamation plan. The Executive Officer recommends that the SMGB approve the adjusted financial assurance cost estimate.

SUGGESTED MOTION LANGUAGE:

To approve the Adjusted Financial Assurance Cost Estimate:

Mr. Chairman, in light of the information before the State Mining and Geology Board today, I move that the SMGB approve the adjusted financial assurance cost estimate of \$139,693.00 for the Marin Quarry surface mining operation, CA Mine ID #91-09-0015, located in the County of El Dorado, as adequate to reclaim the site in accordance with the approved reclamation plan, and as adequate in meeting the minimum requirements of SMARA and the SMGB's regulations.

Respectfully submitted:



Stephen M. Testa
Executive Officer