

## FINANCIAL ASSURANCE COST ESTIMATE FORM INSTRUCTIONS

This form is intended to comply with the requirements of California's Surface Mining and Reclamation Act (SMARA – Public Resource Code Sections 2710 et seq., and the associated California Code of Regulations found in Title 14, division 2, beginning at Section 3500, hereinafter respectively "PRC" or "CCR") and specifically PRC §2773.1(a)(4). This form, (FACE-1) shall be used to submit the calculated financial assurance amount to the lead agency for review.

The amount of a financial assurance mechanism required for reclamation of a surface mining operation must be approved and established prior to operations, and annually thereafter approved following lead agency review and, if necessary, adjusted each calendar year. PRC §2773.4(d)(1) requires that annual Financial Assurance Cost Estimates (FACE) shall be submitted to the lead agency for review within 30 days of an annual inspection or within 30 days of the inspection date requested on the operator's Annual Report, Form MRRC-2, if the inspection was not conducted by the lead agency. FACE's for new reclamation plans or reclamation plan amendments shall be approved by the lead agency, and the existing financial assurance mechanism adjusted, prior to the commencement of operations or substantial deviation, respectively. If the cost estimate is being submitted for reasons other than an amended reclamation plan or annual inspection please check "Other: Please Specify:" This may include, but is not limited to, cost estimates prepared in response to a lead agency enforcement action or interim updates due to site expansion or reclamation.

The amount of financial assurance required of a Surface Mining Operation (SMO) represents the cost for the lead agency or the Division of Mine Reclamation to complete reclamation of all disturbed lands in accordance with the approved reclamation plan utilizing third party contractors in the event the operator is unable to do so. Reclamation of SMO's by a lead agency or the Department is presumed to be a "public works project" as defined in California Labor Code (Division 2, Part 7, Chapter 1, Article 1, Section 1720) and subject to requirements of California's Prevailing Wage Law. Hourly labor costs used for calculation of the financial assurance shall be consistent with Department of Industrial Relations prevailing wage requirements for the chosen labor category and shall include employer ~~labor burden~~ labor surcharge (payroll taxes, workers comp, etc., paid hourly by an employer), where applicable. The California Employment Development Department's (EDD) current published "Employment and Wages by Occupation" data may be useful in estimating the costs of scientists and professionals not subject to California prevailing wage law. Equipment costs shall be supported by the Caltrans Labor Surcharge and Equipment Rental Rates handbook or verifiable local third party rental rates that include delivery and pick-up and any other equipment surcharges. Equipment production rates shall be supported by lead agency accepted construction estimating handbooks such as Caterpillar Performance Handbook, Means Heavy Construction Handbook, etc.

Prior to preparing the cost estimate, review the approved reclamation plan, any amendments, and other reclamation requirements prepared as part of a permit application for the operation that were used to satisfy the requirements of PRC Sections 2772(c), 2773 and 2773.3 and Article 1 (commencing with Section 3500) and Article 9 (commencing with Section 3700) of Subchapter 1 of Chapter 8 of Division 2 of Title 14 of the California Code of Regulations and any approved modifications contained in permit conditions of approval or binding mitigation measures adopted or certified pursuant to the California Environmental Quality Act included by reference in the approved reclamation plan pursuant to PRC Sections 2772(d) and 2772.1(b)(7)(B), as well as the most recent lead agency inspection report. The cost estimate must ~~reference~~ include costs associated with the approved reclamation plan, any amendments, and other reclamation requirements included by reference in the approved reclamation plan pursuant to PRC Sections 2772(d) and 2772.1(b)(7)(B), that specifically relate to reclamation of the mine site.

Please read the following instructions carefully before preparing the cost estimate. If a section is not applicable, please indicate so with a brief statement. Sections may be duplicated as necessary to capture each activity required to complete reclamation in accordance with the approved reclamation plan. Following receipt and review of this FACE form, the lead agency may request additional information, revisions or amendments before final approval.

## **SECTION I – SUPPORTING DOCUMENTS**

**Reclamation Plan Approval date and Number:** Provide the date of approval and document number for the reclamation plan and any subsequent amendments.

**Permits and/or Environmental Documents Approved as, or Conditioned upon, the Reclamation Plan:** Provide information regarding reclamation requirements contained in documents included by reference in the approved reclamation plan pursuant to PRC Sections 2772(d) and 2772.1(b)(7)(B), such as permits and/or environmental documents prepared for the project pursuant to the California Environmental Quality Act (Division 13 (commencing with Section 21000)) and any conditions of approval, that specifically relate to reclamation of the mine site.

**Other Agency Financial Assurances Securing Reclamation of Disturbed Lands:** Provide information regarding current bonds, held with other agencies that exercise jurisdiction over the SMO, that cover the costs of achieving the approved reclamation plan performance standards and end use. Please include the amount of those costs, whether financial assurance mechanisms have been established to cover those costs, the names of the public agencies, the names of the beneficiaries, and the expiration date, if any, of those financial assurance mechanisms.

**Wage Rates used in Cost Estimate:** Provide citations to appropriate labor handbooks used to calculate labor costs. Reclamation of SMO's by a lead agency or the Department is presumed to be a "public works project" as defined in California Labor Code (Division 2, Part 7, Chapter 1, Article 1, Section 1720) and subject to the requirements of California Prevailing Wage Law. Hourly labor costs used for calculation of the financial assurance shall be consistent with the

Department of Industrial Relations prevailing wage requirements for the chosen labor category and shall include the employer ~~labor burden~~ labor surcharge (payroll taxes, workers comp, etc., paid hourly by an employer), where applicable. Third party estimates relied upon by the preparer to determine the amount of financial assurances shall be prepared utilizing California Prevailing Wage requirements.

**Equipment Rates Used in Cost Estimate:** Provide citations to lead agency accepted equipment cost handbooks, such as the Caltrans Labor Surcharge and Equipment Rental Rates that include delivery and pick-up and any other equipment surcharges or verifiable third party rental rates relied upon to calculate financial assurance.

**Equipment Production Rates used in Cost Estimate:** Provide citations to lead agency accepted equipment production rates, such as the Caterpillar Performance Handbook or Means Heavy Construction Handbook. to calculate financial assurance.

**Attachments:** Subcontractor and/or supplier quotes, and/or third party estimates, and any relevant references relied upon to calculate the cost estimate (such as recent surveyed site topography, consultant's reports, stipulated orders to comply, etc.) shall be attached to the FACE-1 form and listed in "Attachments." Previous inspection reports, cost calculation worksheets, or other documents may be attached to the completed FACE-1 form as necessary to support the estimated financial assurance amount.

## **SECTION II – DESCRIPTION OF CURRENT SITE CONDITIONS**

Provide a brief description of current site conditions with a focus on details that relate to the cost of reclamation activities required to meet the performance standards of the approved reclamation plan; such as: plant structures, foundations, equipment, stockpiles (processed material, waste, and import), total disturbed area, highwall/slope angles, pit depth, ponds, erosion control, streams and wetlands, sensitive species, revegetation, etc.

## **SECTION III – DESCRIPTION OF ANTICIPATED SITE CONDITIONS**

Provide a brief description of the anticipated condition of the mine site in one year, with a focus on anticipated changes that will affect the cost to complete reclamation in accordance with the performance standards of the approved reclamation plan, such as: plant structures, foundations, equipment, stockpiles (material, waste, and import), total disturbed area, highwall/slope angles, pit depth, ponds, erosion control, streams and wetlands, sensitive species, revegetation, etc.

## **SECTION IV – DESCRIPTION/JUSTIFICATION OF COST INCREASE/DECREASE**

Provide a brief description/justification for the proposed increase or decrease to existing financial assurance amount.

## **SECTION V – PLANT STRUCTURES AND EQUIPMENT REMOVAL**

**Current Site Condition:** Provide a description of the current plant site conditions and structures present.

**Reclamation Plan Performance Standard (End Use):** Describe the performance standards for reclamation and the end use of the plant area required by the approved reclamation plan.

**Describe Tasks:** Describe the anticipated tasks to achieve the required performance standards and end use described by the approved reclamation plan.

**Equipment on site wholly owned by operator? YES/NO:**

The operator shall state whether or not equipment is wholly owned by the operator. If no, provide the name/s and contact information for any lien holder. This information will assist the lead agency's assessment of the administrative costs to remove equipment and apprise them of ownership.

**Methods to be Used:** Estimate the equipment and labor costs of dismantling and/or demolition and removal of structures, equipment (mobile and fixed), debris, and final cleanup of the mine site. Specific equipment, structural materials, and/or debris may have salvage value. Salvage value may only be used to offset the cost of removal of the specific item being appraised, excess salvage value may not be used to offset any other cost of reclamation. If salvage value is being claimed, documentation must be provided to the lead agency for review. Third party estimates, bids, cost calculations, verifying salvage values shall be attached to the form and listed in "Attachments," Section 1. The value of overburden, process fines, stockpiled pit run or processed material may not be used to offset the cost of removal or reclamation of such materials. Third party estimates, bids, or cost calculations for reclamation and/or surplus/salvage value shall include the following information:

- Name and location of company or contractor
- Statement of qualification and experience
- Location of mine site and California Mine ID#
- Description of such work
- Dates that third party estimates, bid, or cost calculations are in effect
- Signature of responsible party, and seal/stamp of licensed professional as required by law

**SECTION VI – PRIMARY RECLAMATION ACTIVITY**

Section VI shall be used to calculate the cost of primary reclamation activities required to meet the performance standards of the approved reclamation plan and the site end use. Primary reclamation activities may include:

- Grading – ~~cuts, fills, export~~ cuts/fills, import/export, compaction/decompaction, etc.
- Erosion Control (BMP's, Structures)

- Ponds/Detention Basins
- Stream and Wetland Protection
- Sensitive Wildlife and Plant Protection
- Soil/Overburden Stockpile Management
- Closure of Adits

It is recommended that Section VI be duplicated as necessary to calculate the primary cost of each activity required to meet the end use and reclamation plan performance standards. List the activity being estimated at the top of first page of Section VI.

**Current Site Conditions:** Provide a brief narrative describing the current condition of the site as it relates to the reclamation activity being estimated, such as the current/anticipated slope angle of the highwall, etc.

**Reclamation Plan Performance Standard (End Use):** Provide a description of the performance standards/reclamation requirements of the approved reclamation plan, as detailed in the Supporting Documents, cited in Section I, that pertain to the primary reclamation activity being estimated.

**Describe Tasks, Methods, Equipment, etc.:** Provide a description of the tasks required to complete the activities being estimated. Include a description of the equipment and materials needed to complete reclamation of the activity being estimated.

**Provide Quantities:** Provide estimates of the volumes of overburden, topsoil, cut and fill, import, and export, etc., that will need to be handled to accomplish reclamation. Describe anticipated acres of disturbance, haul distances, and equipment production rates.

**Methods to be Used:**

Estimate the cost of equipment, labor, and materials required to meet end use and performance standards described by the approved reclamation plan. Equipment and materials included in this section shall be from lead agency accepted sources such as Caltrans Labor Surcharge and Equipment Rental Rates, Caterpillar Performance Handbook, Means Heavy Construction Handbook, etc., or third party estimate. Labor rates shall be calculated on the sum of the Department of Industrial Relations prevailing wage requirements for the chosen labor category and shall include the employer ~~labor burden~~ labor surcharge (payroll taxes, workers comp, etc., paid hourly by an employer), where applicable.

**SECTION VII - REVEGETATION**

Section VII shall be used to calculate costs associated with revegetation of disturbed areas. Revegetation activities may include, but are not limited to: soil preparation/amendment, mulching, installation of irrigation systems, watering, custom seed/plant collection, nursery services, seed mixes (pure live seed) and containerized plants, hydroseeding, seed/plant

installation, plant protection, and remediation. Refer to the approved reclamation plan or revegetation program to determine the various tasks and materials required to revegetate the site.

**Current Site Condition:** Provide a brief description of the current conditions at the site as it relates to revegetation, such as the amount of topsoil stored or needed for import and acres requiring revegetation, etc.

**Reclamation Plan Performance Standard (End Use):** Provide a description of the performance standards/reclamation requirements of the approved reclamation plan, as detailed in the Supporting Documents, cited in Section I, that pertain to revegetation of the site.

**Describe Tasks:** Describe the required tasks anticipated to complete reclamation in accordance with the approved reclamation plan. Tasks may include decompaction, placement of growth medium, seeding, planting, construction of irrigation systems, fencing, etc.

**Methods to be used:** Estimate the cost of equipment, labor, and materials required to meet end use and performance standards described by the approved reclamation plan. Equipment costs shall be supported by the Caltrans Labor Surcharge and Equipment Rental Rates handbook or verifiable local third party rental rates that include delivery and pick-up and any other equipment surcharges. Equipment production rates shall be supported by lead agency accepted construction estimating handbooks such as Caterpillar Performance Handbook, Means Heavy Construction Handbook, etc. Labor rates shall be consistent with the Department of Industrial Relations prevailing wage requirements for the chosen labor category and shall include the employer labor ~~labor burden~~ labor surcharge (payroll taxes, workers' comp., etc., paid hourly by an employer), where applicable.

Provide the unit of measure (i.e. pallet, pound, ton) in the materials table for the type of material to be used.

#### **SECTION VIII- MISCELLANEOUS COSTS**

Section VIII shall be used to list any miscellaneous costs for materials, any applicable taxes and employer labor ~~labor burden~~ labor surcharge (payroll taxes, workers comp, etc., paid hourly by an employer) when not included elsewhere, and labor, or services required to complete final reclamation and closure of the site (i.e. plant decommissioning, lead agency final inspections, reclamation mitigation measures, etc.). Using the table provided, list the items or services required, the quantity, unit costs (if applicable) and total costs.

#### **SECTION IX – MONITORING COSTS**

Section IX shall be used to list costs of required monitoring of the site once initial reclamation has been completed. The costs may include monitoring for successful revegetation and habitat establishment, slope stability, erosion control, access controls, or site remediation (i.e. process reagents/hydrocarbons). Monitoring required by other agencies (i.e. California Regional Water Quality Control Board) that are covered under a separate financial assurance mechanism should be listed for reference. Using the table provided, list the monitoring task, the cost per site visit/monitoring event (include all costs associated with planning and completing the site visit/monitoring events), the number of site visits/monitoring events per year, the number of monitoring years and total cost. If a consultant will be conducting the monitoring, provide a copy of the estimate or contract. The California Employment Development Department's (EDD) current published "Employment and Wages by Occupation" data may be useful in estimating the costs of scientists and professionals not subject to California prevailing wage law. Remember, the costs of a site visit start well before arriving at a site and continue after leaving a site in the form of pre-visit preparations and post-visit record keeping and report preparation.

#### **SECTION X – SUMMARY OF COSTS**

Summarize the costs calculated in Sections IV through VIII.

#### **SECTION XI – SUPERVISION/PROFIT & OVERHEAD/CONTINGENCIES/MOBILIZATION**

Section XI includes costs for supervision of reclamation activities, profit and overhead, contingencies (unforeseen costs) and mobilization (the cost of moving equipment to and from the site). These costs are based on a percentage of the total direct costs which typically decline as project size increases. Refer to Graph 1 and Graph 2 on page 9 to determine the percentage rate to be used.

- A. Supervision - Supervision or reclamation management includes project inspection and supervision. These activities are usually performed by a consultant or staff member with experience in reclamation of disturbed lands. Reclamation management may include recommending change orders, verifying completed work, verifying compliance with project specifications, and other reclamation management oversight activities. Please refer to Graph No. 1 to determine the supervision cost factor.
- B. Profit and Overhead - Where it becomes necessary for the Lead Agency or the Department of Conservation to complete reclamation of the mining site, a third party will be retained to do the actual reclamation work. Because profit and overhead costs are not included in the reclamation cost sheets, these costs must be added to the total reclamation estimate. Please refer to Graph No. 2 to determine the profit and overhead cost factor.
- C. Contingencies - A contingency cost shall be included in the financial assurance estimate to provide for project uncertainties and unexpected natural events. This cost shall be added to the reclamation costs using the schedule below:

State of California  
 DEPARTMENT OF CONSERVATION  
 DIVISION OF MINE RECLAMATION  
 FACE-1 (04/17) (06/18)

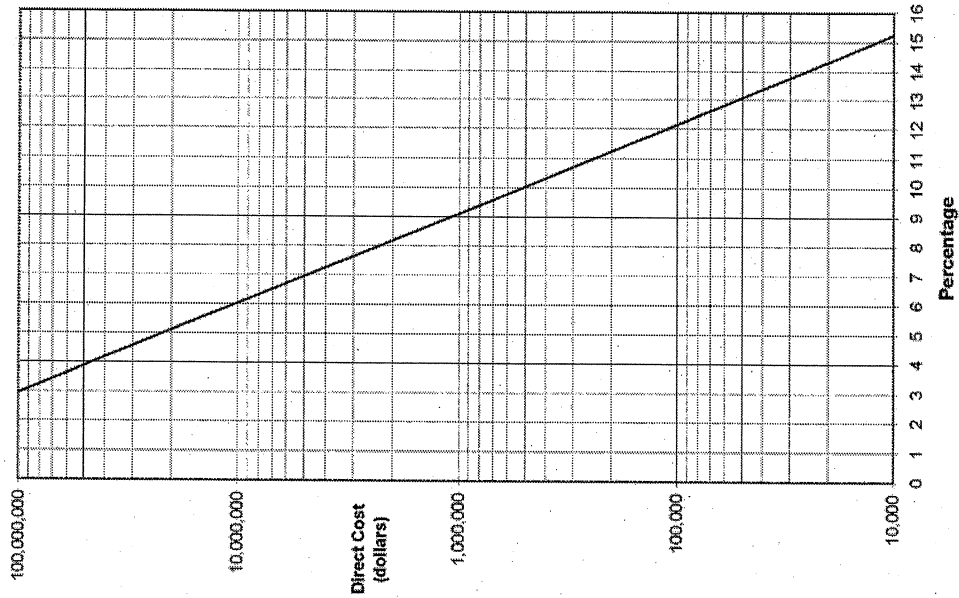
<u>Total Direct Cost (\$)</u>	<u>Contingency (%)</u>
0-\$499,999	10
\$500,000 – \$4,999,999	7
\$5 million - \$50 million	4
Greater than \$50 million	2

- D. Mobilization - Mobilization costs are attributed to moving equipment to the project site for reclamation purposes. These costs normally range between one and five percent of the total direct cost of the reclamation operations. These costs will vary depending upon the site location and the total value of the reclamation operations to be performed and may exceed five percent. Please insert the percentage used to estimate mobilization costs under Section X XI- Supervision/Profit & Overhead/Contingencies/Mobilization.
- E. Lead agencies shall include an administrative cost to draw on the financial assurance and implement the reclamation plan, should it become necessary. This cost shall, at a minimum, be added to the reclamation costs using the schedule below:

<u>Total Direct + Indirect Costs (\$)</u>	<u>Lead Agency Administrative Cost (%)</u>
0 – 99,999	15
100,000 – 499,999	12
500,000 – 999,999	10
1 million – 10 million	8
Greater than 10 million	5



Graph 2 -- Profit and Overhead



Graph 1 -- Reclamation Management

