

State Mining and Geology Board



2016-2017 Annual Report

Department of Conservation
Resources Agency



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STATE MINING AND GEOLOGY BOARD

The State Mining and Geology Board was established in 1885 as the Board of Trustees to oversee the activities of the State Mineralogist and the California Division of Mines and Geology (now the California Geological Survey). It is the second oldest Board in California. Today's Board has nine members appointed by the Governor and confirmed by the State Senate, for four-year terms.

By statute, Board members must have specific professional backgrounds in geology, mining engineering, environmental protection, groundwater hydrology and rock chemistry, urban planning, landscape architecture, mineral resource conservation, and seismology, with one non-specialized member representing the general public:

Board Members

Gideon Kracov, Esq., Chair
Stephanie Landregan, RLA, Vice Chair
Brian Anderson, MS
Janet Kappmeyer, PG, CEG
George Kenline, PG, CEG,
Negar Noushkam, MS
Sandra Potter, MS
Dr. Zia Zafir, PhD

By statute, the Board shall maintain its headquarters in Sacramento and shall hold meetings at such times and at such places as shall be determined by it:

Board Staff

Jeffrey Schmidt, Executive Officer
Amy Scott, Executive Assistant
Will J. Arcand, Senior Engineering Geologist
Nick Lash, Associate Governmental Program Analyst
Jocelyn Fernandez, Office Technician

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Sacramento, California 95814-3528
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The Board serves as a regulatory, policy, and hearing body representing the State's interests in geology, geologic, and seismologic hazards, conservation of mineral resources, and reclamation of mining lands.

California is the most geologically diverse and seismically active state in the United States. The Board seeks to help California's residents coexist safely with this dynamic geology and reap the benefits of mineral extraction with a minimum of environmental impact.

Mission Statement

The mission of the State Mining and Geology Board is to provide professional expertise and guidance in the representation of the State's interest in the development, utilization, and conservation of mineral resources, the reclamation of mined lands, and the development and dissemination of geologic and seismic hazard information to protect the health and welfare of the people of California.

Statutory Authority

The Board operates within the Department of Conservation, under the Natural Resources Agency, and is granted certain responsibilities and obligations under several statutes: Public Resources Code (PRC) Sections: 660-678 and 2207, 2621-2650 (the Alquist-Priolo Earthquake Fault Zoning Act), and 2710-2796 (Surface and Mining Reclamation Act).

Surface Mining and Reclamation Act

The Surface Mining and Reclamation Act of 1975 (SMARA) Public Resources Code Sections 2710 et seq. and its regulations at 14 Cal. Code of Regulations Section 3500 et seq., provide a comprehensive surface mining and reclamation policy to assure that adverse environmental impacts are minimized and mined lands are reclaimed to a usable condition. SMARA also encourages the production, conservation, and protection of the State's mineral resources. Under these statutes, the Board represents the State's interests in the development, use and conservation of the State's mineral resources, and the reclamation of mined lands as authorized by law.

Alquist-Priolo Earthquake Fault Zoning Act

Under this Act, Public Resources Code Section 2621 through Section 2630, and its regulations at 14 California Code Regulations Section 3600 et seq., the Board is authorized to represent the State's interests in establishing guidelines and standards for geological and geophysical investigations and reports produced by the California Geological Survey, public sector agencies, and private practitioners. The Board is also authorized to develop specific criteria through regulations to be used by lead agencies in complying with the provisions of the Act so as to protect the health, safety and welfare of the public.

Seismic Hazards Mapping Act

Under this Act, Public Resources Code Section 2690 through Section 2699.6 and its regulations at 10 California Code of Regulations Section 3720 et seq. the Board is authorized to provide policy and guidance through regulations for a statewide seismic hazard mapping and technical advisory program to assist cities, counties, and State agencies in fulfilling their responsibilities for protecting the public health and safety from the effects of strong ground shaking, liquefaction or other ground failure, landslides, and other seismic hazards caused by earthquakes.

EXECUTIVE SUMMARY

The 2016 - 2017 *Annual Report of the State Mining and Geology Board (Annual Report)* is prepared for both the State Legislature and the Governor, as is provided pursuant to PRC Section 2717. Reporting periods follow the State's fiscal year calendar from July 1st of one year to June 30th of the following year.

The reporting year has seen the Board remarkably busy in terms of rulemaking, regulatory duties, and lead agency responsibilities.

To enable the Board to meet its responsibilities most effectively, it has established a *Strategic Plan* to lay out goals and guidelines and standing committees to gather information and formulate recommendations on a variety of topics:

- **Mineral Conservation and Reclamation Committee**
- **Lead Agency Responsibilities Committee**
- **Seismic and Geological Hazards Committee**
- **Board Administration and Operations Committee**

The *Annual Report* summarizes the responsibilities of the Board as well as the activities and actions accomplished by the Board during the 2016-2017 reporting period following the rulemaking process and the work of the Committees and the goals and guidelines of the *Strategic Plan*. Finally, the Report presents "legislative recommendations" where the Board believes improvements can be made for the future well-being of the State's people and the wise use of its natural resources under the Surface Mining and Reclamation Act of 1975 (SMARA).

Figure 1



Dredge tailings adjacent to recent aggregate extraction pond within the Yuba Goldfields near the community of Dantoni in Yuba County. (Photo credit: Will Arcand)

RULEMAKING

In April of 2016, Governor Brown signed two bills to implement "top to bottom reforms of SMARA." AB 1142 (Gray) and SB 209 (Pavley) effectively update and improve certain provisions of the Act, giving the Board more authority to oversee and implement SMARA.

The Board, in conjunction with the Division of Mine Reclamation (DMR), through the Office of Administrative Law (OAL), continues to implement changes to SMARA stipulated by AB 1142 and SB 209 with an extensive rulemaking process: The Board began the rulemaking process in May of 2016 and predicts to complete the final rulemaking package in the Spring of 2019 with subsequent "clean-up" packages running late into 2019.

During the reporting period Fiscal Year 2016-2017 the Board completed rulemaking to update the Financial Assurance Cost Estimate (FACE) form. Together with Division of Mine Reclamation (DMR) the Board made progress on amendments to the fees calculation schedule to include a three-year phased increase in accordance with new statute and to address equity issues with small producers. Progress was also made on developing and adopting mine inspection training and certificate program.

In Fiscal Year 2017-2018 the Board will complete the above efforts and will make progress on rulemaking for Reclamation Plan and Financial Cost Estimate Appeals; FACE bond form update; revise enforcement process/order to comply appeals process; revise financial assurance forfeiture process; set standards for corporate bonding/financial tests; update instruction for letters of credit, certificate of deposit establishment and encashment Instructions (due July 1, 2018) and clarify that vested rights determinations are solely the authority of local agencies.

Figure 2



Chile Bar Slate Mine, El Dorado County adjacent to the American River (Arcand).

SMARA - MINERAL CONSERVATION AND RECLAMATION

As California's population continues to grow, its communities face increasingly difficult and complex land use decisions. The production of mineral resources - so necessary to support an ever-expanding population - must compete with other land uses such as agriculture, timber production, urban development, renewable energy, and recreational, sensitive ecological or scenic areas. The rapid growth of many communities and the incompatibility of mining with most other land uses sometimes results in heated conflicts within those communities. Often, the mineral resource is needed by the very use which threatens it. For example, construction grade aggregate deposits, which are the sources for the construction and repair of roads, houses, and commercial buildings, often are built over before the resource can be extracted.

In an effort to address this issue, SMARA provides for a method by which mineral lands may be "Classified" by the State Geologist, and "Designated" by the Board. These Classification and Designation processes are methods by which an inventory of the State's most valuable mineral deposits can be compiled and made available to local communities for inclusion in their land use decision making.

Classification

Classification is the method by which the State Geologist, in accordance with a time schedule and based upon guidelines adopted by the Board, geologically evaluates the State's lands and categorizes those lands as: (1) having little or no mineral deposits; (2) areas containing significant mineral deposits; and, (3) areas containing mineral deposits, the significance of which requires further evaluation. These determinations by the State Geologist are made based solely on geologic factors, and without regard to existing land use or land ownership. Mineral Classification information is transmitted to the Board by the State Geologist, and then is provided to locally affected jurisdictions (cities and counties) by the Board in a Classification Report.

In some regions, large portions of the areas classified as having significant mineral deposits are already committed to other various urban uses, which prohibit access to the underlying resources. As an additional aid to local planning agencies, classification reports prepared for metropolitan areas also highlight non-urbanized portions of the classified mineral lands as Aggregate Resource Areas (ARA). These non-urbanized ARA's contain mineral deposits that remain potentially available for future use, and facilitate estimating the volume of aggregate material that is practically available in the region. ARA's may be considered for Designation by the Board.

Designation

Designation is the process by which the Board, determines that a particular mineral classified deposit is of regional (multi-community) or statewide economic significance. This designation is based on analyses by the State Geologist and the CGS, and information gathered from local communities, the mining industry, and other government agencies such as the Governor's Office of Planning and Research. In contrast to Classification, which inventories mineral deposits without regard to existing land use, the purpose of Designation is to identify those areas that are of prime importance in meeting the future needs of the study region and that remain available from a land use perspective.

Designation is the State's effort to conserve mineral resources in regions of expected rapid urbanization or other land uses that might prevent surface mining activities, and therefore result in a loss of the mineral resource to the community. To avoid dictating to local communities where future aggregate mines should be located, mineral designated areas generally contain resources (un-permitted deposits) that are far in excess of the region's 50-

year demand. This process attempts to provide maximum flexibility to local governments in making land use decisions, while still conserving an adequate amount of construction aggregate for the future. The table below illustrates Designation reports completed by the Board in the 2016-2017 reporting period:

TABLE 2

<p align="center"><u>SMARA Areas of Regional or Statewide Significance (Designation Reports)</u></p> <p><i>Pursuant to PRC Section 2790, after receipt of mineral information from the State Geologist pursuant to subdivision (d) of Section 2761, the Board may, by regulation adopted after a public hearing, designate specific geographic areas of the state as areas of statewide or regional significance and specify the boundaries of the geographic areas</i></p>	
No. 14, San Bernardino – Riverside P-C Region,	OAL approved the SMGB's amended regulation pertaining to the designation, and termination of designated mineral lands on June 11, 2014, and became effective October 1, 2014. Completed 04/13/2017
No. 15, San Luis Obispo - Santa Barbara P-C Region	OAL approved the SMGB's regulation pertaining to the designation of mineral lands on March 30, 2015, and became effective July 1, 2015. Completed 12/14/2017
No. 16, Stockton - Lodi P-C Region	OAL approved the SMGB's amended regulation pertaining to the designation, and termination of designated mineral lands on May 28, 2015, and became effective July 1, 2015. Completed 09/14/2017
No. 17, North San Francisco Bay P-C Region	OAL approved the SMGB's amended regulation pertaining to the designation, and termination of designated mineral lands on February 9, 2016, and became effective April 1, 2016.

Mineral Resource Management Plans (MRMPs)

California's construction industry is greatly dependent on readily available aggregate deposits that are within a reasonable distance to market regions. Aggregate is a low unit-value, high bulk-weight commodity; therefore, aggregate for construction must be obtained from nearby sources in order to minimize costs to the consumer. If nearby aggregate sources do not exist, then transportation costs quickly can exceed the value of the aggregate. Transportation cost is one of the most important factors considered when defining the market area for an aggregate mine operation.

The objectives of these processes are to provide local agency decision makers with information on the location, need, and importance of mineral resources within their jurisdiction, and to require that this information be considered in local land use planning decisions. These objectives are met through the adoption of local Mineral Resource Management Policies (MRMP) that provide for the conservation and prudent development of these mineral deposits.

SMARA lead agencies are required to incorporate Mineral Resource Management Policies (MRMP) into their General Plans upon revision of their plans. Thirty-six lead agencies have mineral classified or mineral designated lands within their jurisdictions. MRMPs are required to be sent to the Board for review prior to their incorporation into local General Plans.

Mining Ordinances

SMARA requires each lead agency (City, County, or City and County) to have a surface mining and reclamation ordinance that is in accordance with statute. To ensure ordinances are in compliance with SMARA and the Board's regulations, the Board has authority to review and certify that these local ordinances meet SMARA requirements. Lead agencies also periodically revise their respective mining ordinances to keep them consistent with legislative and regulatory changes. The Board is required to re-certify these ordinances before they become effective. The table below illustrates a summary of mining ordinances certified by the Board from January 2000 to the present:

TABLE 3

<u>SMARA Certified Mining Ordinances</u> Pursuant to PRC Section 2774.3, <i>The Board shall review lead agency ordinances which establish permit and reclamation procedures to determine whether each ordinance is in accordance with State policy, and shall certify the ordinance as being in accordance with State policy if it adequately meets, or imposes requirements more stringent than, the California surface mining and reclamation policies and procedures established by the Board pursuant to this chapter.</i>			
Lead Agency	City or County	Certification Date	Ordinance Number
Azusa	City	01/14/2000	Ordinance No. 99-010
Bakersfield	City	03/09/2000	Ordinance No. 3943
Chula Vista	City	07/10/2003	Ordinance No. 2921
Claremont	City	12/14/2006	Ordinance No. 2007-02
Colusa	County	09/11/2003	Ordinance No. 659
Contra Costa	County	07/13/2000	Ordinance No. 2000-18
Fremont	City	02/10/2000	Ordinance No. 2352
Glenn	County	05/12/2005	Ordinance Nos. 1083 and 1171
Hayward	City	11/15/2004	Ordinance No. 04-12
Jackson	City	09/11/2003	Ordinance No. 627
Lake	County	07/13/2000	Ordinance No. 2533
Los Angeles	City	07/13/2000	Ordinance No. 173106
Madera	County	12/14/2006	Ordinance No. 525G
Mammoth Lakes	City	05/10/2001	Ordinance No. 01-02
Modoc	County	01/14/2000	Ordinance No. 236-85
Oakland	City	06/19/2003	Ordinance No. 12496
Orange	County	06/11/2015	2014 Edition
Oxnard	City	10/11/2001	Ordinance No. 2579
Pacifica	City	05/12/2006	Ordinance Nos. 670-C.S. and 711
Poway	City	11/15/2004	Ordinance No. 609
Rancho Cordova	City	07/23/2004	Ordinance No. 22-2004
Riverside	County	12/13/2012	Ordinance No. 555.19
Sacramento	City	06/15/2000	Ordinance No. 2000-005
Sacramento	County	09/11/2008	Ordinance Nos. SCC-1391 & SZC-2008-0019
San Bernardino	City	12/14/2000	Ordinance No. MC-1084
San Diego	City	07/13/2000	Ordinance No. 18802
San Jacinto	City	12/09/2004	Ordinance No. 04-08

Santa Clara	County	01/09/2014	Ordinance Nos. 2.10.040 and 4.10.370
Siskiyou	County	06/11/2015	Ordinance No.15-06
Tracy	City	11/09/2000	Articles 37 and 38 of the City Code
Truckee	City	01/11/2001	Ordinance No. 2000-04
Tulare	County	06/15/2000	Ordinance No. 3238
Yolo	County	12/13/2001	Ordinance No. 1276
Yolo-Cache Creek	County	02/05/2009	Ordinance No. 1376

Figure 3



Ongoing hilltop mining of granitic deposit at the Avalon Mine in the City of Jurupa Valley.
(Arcand)

Annual Mine Fee Schedule

Public Resources Code (PRC) 2207(d)(1) requires the Board to impose by regulation an annual reporting fee on, and method for collecting annual fees from, each active and idle surface mining operation. PRC Section 2207(d) also states that the maximum fee for any single mining operation may not exceed ten thousand dollars (\$10,000) annually and may not be less than one hundred dollars (\$100) annually, except that the maximum fee for any single mining operation shall not exceed six thousand dollars (\$6,000) in the 2017–18 fiscal year and eight thousand dollars (\$8,000) in the 2018–19 fiscal year. These amounts shall be adjusted for cost of living as measured by the California Consumer Price Index (CPI).

PRC Section 2207(d)(2)(A) states that a schedule of fees shall be calculated on an equitable basis reflecting the size and type of the operation. The Board shall also consider: total assessed value of the mining operation, the acreage disturbed by mining activities, and acreage subject to the reclamation plan.

PRC Section 2207(d)(2)(A) states that the fee schedule must provide for the collection of the amount specified in the Governor's proposed Budget for the Department of Conservation's (Department) costs in implementing PRC Sections 2207 and SMARA. In addition, PRC Section 2207(d)(3) outlines the amount of revenue to be generated by the fee schedule. The total revenue generated by the reporting fees may not exceed, and may be less than, the amount of eight million dollars (\$8,000,000). This amount shall be adjusted for the cost of living beginning with the 2017-2018 Fiscal Year (FY) and annually thereafter. Cost of Living Adjustments (COLA) are addressed in CCR Section 3698 and allow for increases to help maintain adequate funding for the SMARA programs within the Department. The COLA, or rate of inflation, is measured by the CPI.

PRC Section 2207(d)(4)(A) requires the reporting fee revenue be deposited in the Mine Reclamation Account (MRA) for carrying out the provisions of PRC Section 2207 and SMARA. Those provisions include "classification and designation of areas with mineral resources of statewide or regional significance, reclamation plan and financial assurance review, mine inspection, and enforcement." The table below illustrates the Department's needs during the 2016 – 2017 reporting period:

TABLE 4

<u>Mine Reclamation Account (MRA) Revenue Needs</u>	
Budget Year 2016-2017	
\$3,844,000	Department of Conservation Budget Request
\$ 4,000	FI\$CAL (New Statewide Accounting System)
\$ 156,000	ProRata (Statewide Overhead)
\$4,004,000	Subtotal
\$1,001,000	Reserve for Economic Uncertainties
\$5,005,000	TOTAL Revenue Need
Other Revenue (not from Mine Operators)	
\$ 979,165	Beginning Balance as of July 1, 2017 (projection)
\$ 180,000	SMGB Lead Agency Fees (projection)
\$1,159,165	Subtotal (other revenue)
Summary	

\$ 5,005,000	TOTAL Revenue Need
-\$1,159,165	Subtotal (other revenue)
\$ 3,845,835	Mine Reclamation Account Revenue Need

The fee schedule calculation includes the revenue needs that the Department is authorized to collect, less the amount projected to be collected from those operators expected to be at a fixed fee, and less the amount projected to be collected from mine operations subject to the maximum fee amount of \$6,000. The Consumer Price Index (CPI), resulted in a slight increase in fees for the mine production categories listed in CCR Section 3698 for the 2016 Reporting Calendar Year.

SMARA Exemptions

During the reporting period, The Board granted one surface mine an exemption from the requirements of SMARA per PRC Section 2714(f). On 11/10/2016, an exemption was requested for the Sycamore Road Agricultural Mining Project. The project called for the removal and mulching approximately 10 acres of existing avocado and lemon trees, excavate the upper eight feet of soil in order to remove approximately 40,000 cubic yards of rock larger than eight-inches in diameter, re-contour the site to control runoff, amend the soil, and replant the site with avocados.

Figure 4.



Cool Cave Quarry, El Dorado County (Schmidt)

LEAD AGENCY RESPONSIBILITIES

SMARA provides for a three-tiered approach to accomplish its administration and enforcement. The primary entity responsible for the SMARA's enforcement is the local "lead agency" - that is, the city or county in which a surface mine operates. The lead agency is responsible for assuring that all surface mine operations within its jurisdiction are in full compliance with SMARA. SMARA prescribes specific responsibilities and powers to the lead agency. Specific duties of lead agencies which are charged with the primary administration and enforcement of SMARA are to:

- Review and approve reclamation plans that meet the minimum requirements established by SMARA and the Board's reclamation performance standards (regulations) for surface mines;
- Approve financial assurances, subject to review annually, that are sufficient to pay for the costs of full reclamation of the lands disturbed by surface mining operations according to the requirements of the approved reclamation plan;
- Approve local permits for mining operations;
- Conduct an annual inspection of each surface mine to confirm that the operation is in compliance with the requirements of SMARA and its approved reclamation plan, and to remedy the situation if the operation is not in compliance;
- Issue Administrative Penalties to operators who do not come into compliance;
- Close operations that do not attain compliance;
- Maintain a surface mining ordinance that is in accordance with SMARA;
- Incorporate MRMP into their General Plans if there are mineral "classified" or mineral "designated" lands within the lead agency's jurisdiction.

Should a lead agency fail to bring, or become incapable of bringing one or more surface mining operations into compliance, statute allows for the Director of the Department to commence enforcement at individual surface mining sites. SMARA prescribes specific responsibilities and powers to the Director. The Department is also responsible for providing technical reviews of reclamation plans and financial assurances to lead agencies to ensure that the requirements of SMARA have been addressed in the reclamation plans prior to their formal approval by the lead agency.

The third tier of enforcement lies with the Board. Under SMARA, the Board is provided authority to hear appeals of enforcement actions taken by the Director against surface mine operators, as well as appeals of certain decisions made by a lead agency regarding reclamation plans and financial assurances. In addition, the Board is provided authority to assume a lead agency's SMARA authority, in whole or in part with exception to permitting, when a lead agency's actions are in violation of the statute, or if the lead agency defaults on its SMARA responsibilities and obligations. The Board may also exempt from the requirements of SMARA specific surface mining operations that are of limited scope and duration, and cause little land disturbance. In addition, promulgation of regulations that clarify and make more specific SMARA statutes also lies within the Board's authority, as does setting annual mine fees.

SMARA affects 116 jurisdictions comprised of 61 Cities and 55 Counties (excluding those directly overseen by the Board).

During the reporting period the Board served as a lead agency under SMARA for a total of 38 individual surface mining operations located in California. Of these, 24 were located within two counties (County of El Dorado and County of Yuba), 7 were located within cities that do not have certified surface mining ordinances, and 7 were marine sand mining operations located within the San Francisco Bay and bay delta areas. The table below illustrates surface mines where the Board exercises lead agency authority:

TABLE 6

<u>SMGB SMARA LEAD AGENCY SURFACE MINES</u> In June 2001, the Board began assumption of Lead Agency authority under SMARA. The Board is currently the lead agency for 38 individual surface mining operations. At each of these surface mining operations, the Board conducts inspections, reviews and approves financial assurance cost estimates, and undertakes compliance and enforcement actions when deemed necessary.				
CA ID No.	Mine Name	Status	Primary Commodity	Local Lead Agency
91-07-0006	Richmond Quarry	Active - Reclamation	Recyclable Concrete	City of Richmond
91-09-0001	Bear Creek Quarry	Active	Serpentine	County of El Dorado
91-09-0002	Weber Creek Quarry	Idle	Serpentine	County of El Dorado
91-09-0003	Diamond Quarry	Active	Limestone	County of El Dorado
91-09-0004	Chile Bar Slate Mine	Active	Slate	County of El Dorado
91-09-0005	Cool Cave Quarry	Active	Limestone	County of El Dorado
91-09-0006	Timm Mine	Idle	Specimen Gold	County of El Dorado
91-09-0009	Somerset Sand Pit	Active	Granitic Sand	County of El Dorado
91-09-0010	Lawyer Pit	Active	Granitic Sand	County of El Dorado
91-09-0012	Snows Road Quarry	Active	Sand and Gravel	County of El Dorado
91-09-0015	Marin Quarry	Idle	Granodiorite	County of El Dorado
91-09-00XX	Big Cut Mine	Idle - Illegal Operation	Sand and Gravel	County of El Dorado
91-27-0006	Lapis	Active	Beach Sand	City of Marina
91-33-0002	Avalon Mine	Active	Granitic Rock	City of Jurupa Valley
91-33-0003	Super Creek Quarry	Active	Decorative Stone	City of Desert Hot Springs
91-33-0029	Philadelphia Mine	Active - Reclamation	Recyclable Concrete	City of Jurupa Valley
91-33-0031	Garnet Pit	Active	Alluvial Sand	City of Palm Springs
91-33-0062	Pyrite Quarry	Active	Granitic Rock	City of Jurupa Valley
91-38-0001	Alcatraz, Point Knox	Active	Marine Sand	San Francisco BCDC
91-38-0002	Point Knox South	Active	Marine Sand	San Francisco BCDC
91-38-0003	Point Knox Shoal	Active	Marine Sand	San Francisco BCDC

91-38-0004	Alcatraz South Shoal	Active	Marine Sand	San Francisco BCDC
91-38-0005	Hanson Suisun Bay	Active	Marine Sand	San Francisco BCDC
91-38-0007	Jerico Suisun Bay Shoal	Active	Marine Sand	San Francisco BCDC
91-38-0011	Morris Marine Mining	Active	Marine Oyster Shells	San Francisco BCDC
91-43-0003	Azevedo Quarry	Reclamation	Rock	City of San Jose
91-56-0034	Santa Paula Materials	Active	Alluvial Sand and Gravel	City of Santa Paula
91-58-0001	Western Aggregates	Active	Alluvial Sand and Gravel	County of Yuba
91-58-0002	Knife River Hallwood	Active	Alluvial Sand and Gravel	County of Yuba
91-58-0003	Cal Sierra Development	Active	Placer Gold	County of Yuba
91-58-0004	Sperbeck Quarry	Active	Metabasalt	County of Yuba
91-58-0006	Teichert Hallwood	Active	Alluvial Sand and Gravel	County of Yuba
91-58-0007	Wheatland Clay	Active	Clay	County of Yuba
91-58-0007	Dantoni Pit	Active	Alluvial Sand and Gravel	County of Yuba
91-58-0013	Parks Bar Quarry	Active	Metabasalt	County of Yuba
91-58-0019	Teichert Marysville	Active	Alluvial Sand and Gravel	County of Yuba
91-58-0022	Long Bar Property	Active	Alluvial Sand and Gravel	County of Yuba
91-58-0025	Simpson Lane	Idle	Alluvial Sand	County of Yuba

Inspections

During the 2016-2017 reporting period, Board lead agency staff conducted 38 annual inspections of surface mining operations, completed 38 annual inspection reports, and presented 38 annual inspection reports to the Board at their regularly scheduled meetings.

In addition, Board lead agency staff reviewed 16 revised financial assurance cost estimates that were provided by mine operators directly under Board lead agency jurisdiction. An additional 28 financial assurance cost estimates that were not updated by mine operators during the reporting period were reviewed by Board staff as part of the annual inspection process. The 8 BCDC marine dredging operations did not require annual financial assurance cost estimate updates.

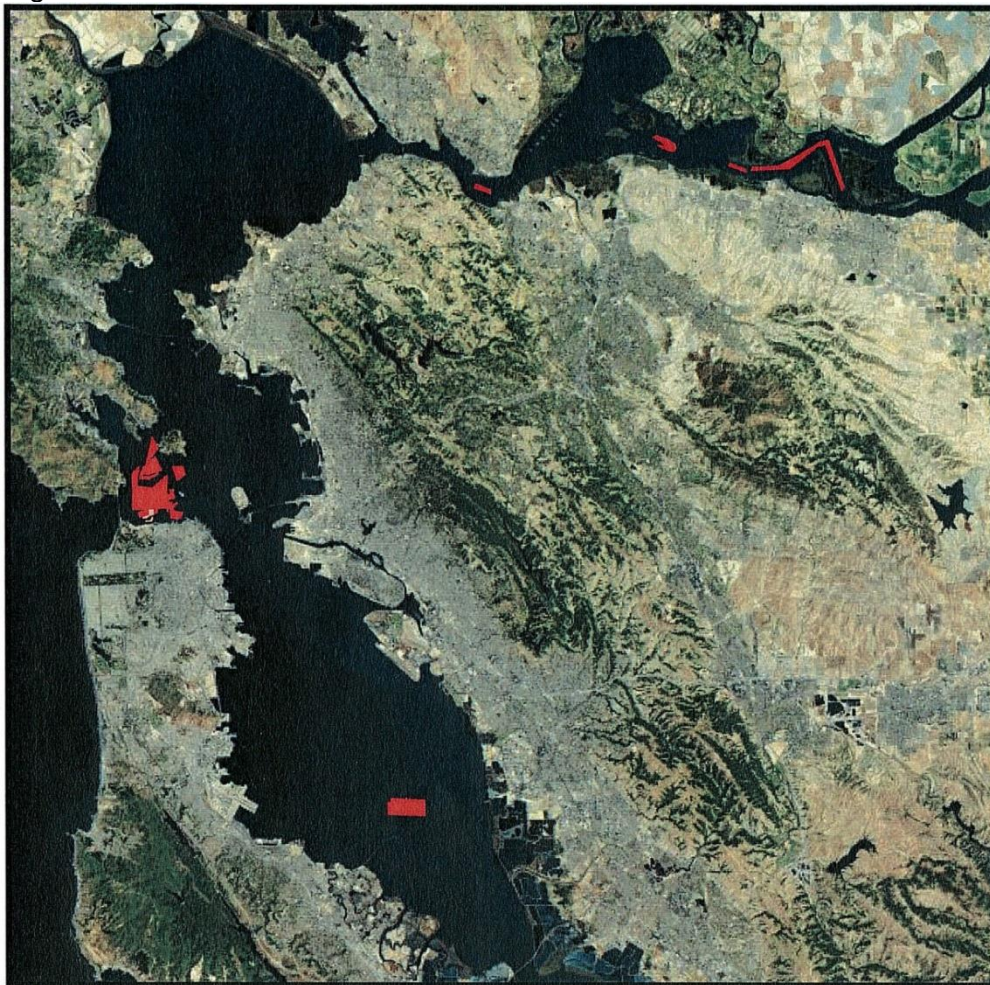
Enforcement Actions

During the reporting period, Board staff issued five (5) Notices of Violation (NOV) and one (1) Order to Comply (OTC) to surface mining operations under the jurisdiction of the Board as a SMARA lead agency. The table below illustrates lead agency enforcement actions in the reporting year:

TABLE 7

<u>SMARA Lead Agency Enforcement Actions (PRC 2771.1)</u>	
Notices of Violation (NOV)	Chile Bar Slate – Failure to provide adequate Financial Assurance Diamond Quarry – Failure to submit 2015 Annual Report and Fee Simpson Lane – Failure to submit revised FACE Timm Mine – Failure to submit 2015 Annual Report and Fee Weber Quarry – Failure to submit 2015 Annual Report and Fees
Orders to Comply (OTC)	Cal Sierra – Failure to provide increased Financial Assurance
Administrative Penalties (AP)	None currently pending in front of the Board.
OTC/AP Appeals	None currently pending in front of the Board.

Figure 4.



Satellite image of San Francisco Bay and surrounding areas showing locations of San Francisco BCDC marine mining operations (in red) under the jurisdiction of the Board.

SEISMIC AND GEOLOGIC HAZARDS

Alquist-Priolo Earthquake Fault Zoning Act

Under this Act, Public Resources Code Section 2621 through Section 2630, and its regulations at 14 CCR Section 3600 et seq., the Board is authorized to represent the State's interests in establishing guidelines and standards for geological and geophysical investigations and reports produced by the California Geological Survey, public sector agencies, and private practitioners. The Board also is authorized to develop specific criteria through regulations to be used by Lead Agencies in complying with the provisions of the Act so as to protect the health, safety and welfare of the public.

Pursuant to PRC Section Code 2622(b), *the State Geologist shall compile maps delineating the earthquake fault zones. Concerned jurisdictions and agencies shall submit all comments to the SMGB for review and consideration.* The table below illustrates maps created by the State Geologist and submitted to the Board for public hearings to compile comments and concerns:

TABLE 8

Final Official A-P Earthquake Fault Zone Maps (June 10th, 2016)	
El Dorado County	Emerald Bay Echo Lake
San Bernardino County	Apple Valley North Cougar Buttes Fairview Valley Fifteen Mile Valley Lucerne Valley
Final Official A-P Earthquake Fault Zone Maps (December 15th, 2016)	
Los Angeles County	Hollywood and Raymond Faults - Los Angeles Quadrangle Raymond Fault - El Monte Quadrangle Raymond Fault - Mt. Wilson Quadrangle
Preliminary Official A-P Earthquake Fault Zone Maps (July 13th, 2017)	
Los Angeles County	Hollywood, Newport/Inglewood, and Santa Monica Faults – Beverly Hills/Topanga Quadrangles
Napa County	West Napa Fault – Napa/Cuttings Wharf Quadrangles
Proposed Official A-P Earthquake Fault Zone Maps	
Santa Rosa County	Rodgers Creek Fault - Santa Rosa Quadrangle
San Diego County	Rose Canyon and Point Loma Faults - Point Loma/La Jolla Quadrangles
Los Angeles County	Sierra Madre Fault - Mt. Wilson/Pasadena Quadrangles

Seismic Hazards Mapping Act

Under this Act, Public Resources Code Section 2690 through Section 2699.6 and its regulations at 10 CCR Section 3720 et seq. the Board is authorized to provide policy and guidance through regulations for a statewide seismic hazard mapping and technical advisory program to assist cities, counties, and State agencies in fulfilling their responsibilities for protecting the public health and safety from the effects of strong ground shaking, liquefaction or other ground failure, landslides and other seismic hazards caused by earthquakes, including tsunami and seiche threats. The table below illustrates maps created by the State Geologist and submitted to the Board for the purpose of holding hearings and compiling comments and concerns:

TABLE 9

Preliminary Liquefaction and Landslide Zone Maps (August 17th, 2017) Pursuant to PRC Code Section 2696(a) and (b), <i>the State Geologist shall compile maps identifying seismic hazard zones, and upon completion, submit them to the Board.</i>	
Contra Costa County	Brentwood, Woodward Island, Bouldin Island, and Jersey Island Quadrangles
Riverside County	Murrieta (revised), Temecula, Pechanga, Bachelor Mountain Quadrangles
San Mateo County	San Mateo/Redwood Point (revised) quadrangles

OPERATIONS AND ADMINISTRATION

Pursuant to PRC 668, *the Board shall maintain its headquarters in Sacramento and shall hold meetings at such times and at such places as shall be determined by it.*

Budget

The Board's budget was **\$1,474,000** for the 2016-2017 fiscal year. This reflects an increase of \$215,000 or 14.6% over the last fiscal year. There are two major sources of funding for the Board:

- *The Renewable Resource Investment Fund* 0940 (RRIF) comes from the federal government and is funded by geothermal leases. The Board's appropriation is **\$694,000** (PCA 71604) for fiscal year 2017-2018 (determined annually by the Department of Conservation). The RRIF covers the costs associated with serving as a State Board and includes two staff personnel (Executive Officer and Executive Assistant) and all honorariums, expenses, and operating costs.
- *The Mine Reclamation Account* 0336 (MRA) fund comes from the State and is funded by fees associated with the operation and production of mines in California. The Board's appropriation is **\$580,000** (PCA 71602) for fiscal year 2017-2018. The MRA covers the costs associated with serving as a lead agency and includes two staff personnel (Senior Engineering Geologist and Office Technician) and pays for all attorney fees including services rendered by the Attorney General's Office both as a board, and as a SMARA lead agency.

The fees collected by the Board serving as a lead agency are split between the two accounts. The administrative fees (**\$14/day** per mine or **\$5110/annually**) which totaled **\$132,860**, are deposited into the MRA. The inspection fees, which totaled **\$30,239**, are deposited into the RRIF.

Contact with Agency, Department, and Governor's Office

The Board continues regular meetings with the Governor's Office, the Resources Agency, the Department of Conservation, the Division of Mine Reclamation, and the California Geological Survey.

Ongoing Projects and Publications

- Project – Board Staff have been working with Department staff and Union Bank to set up an online payment system for mine inspection fees and administrative fees.
- Publication – the Board's *20160-2017 Strategic Plan* was updated and reflects the mission of the Board's standing committees.

Projects and Publications

- | | |
|---|--------|
| • Publication - Backfilling Regulations Informational Report | Q1 -Q2 |
| • Publication - Revised <i>Board Member's Handbook</i> | Q2 |
| • Publication - <i>Model Mineral Resource Management Plans</i> (MRMP) | Q3 |
| • Project - List of all lead agency MRMPs for review and inclusion on the website | Q3 |
| • Publication - <i>Responsibilities of Lead Agencies Under SMARA</i> | Q4 |
| • Project - Review all current mining ordinances to ensure legal compliance | Q4 |
| • Project - Prepare a comprehensive list of all current mining ordinances | Q4 |

Public Records Act (PRA) Requests (Government Code §§ 6250 - 6276.48)

The Board has not received any PRA requests during the reporting period.

Website

<http://www.conservation.ca.gov/smgb/Pages/Index.aspx> continues to be updated weekly.

SMGB LEGISLATIVE RECOMMENDATIONS

The Board is required by PRC Section 2717 to report to the Governor and Legislature and on an annual basis offer "legislative recommendations" for consideration with regard to SMARA. SMARA has been amended 30 times since its enactment in 1975. The statute is unique in two respects:

- (1) Mining is regulated locally by cities and counties (referred to as lead agencies) as allowed with an adopted SMARA ordinance approved by the Board, and
- (2) A process is provided for the conservation of mineral resources and reclamation of mined lands to minimize adverse effects on the environment and to protect public health and safety.

The most comprehensive changes to SMARA occurred early in 2016 when Governor Brown called for "top to bottom" SMARA reforms. With input from the Board's annual reports and after signing SB447 (Lara) during the 2013/14 legislative session, the Governor's office convened a year-long stakeholder process in to craft substantive and procedural changes to the state's mining laws.

On April 18, 2016, Governor Brown signed SB 209 (Pavley) and AB 1142 (Gray) into law and the bills become effective on January 1, 2017. These reforms affect how the State Mining and Geology Board (Board) and the Department of Conservation (DOC), local lead agencies, and surface mine operators oversee, implement and comply with SMARA.

The Board will continue the extensive reforms mandated by AB 1142 and SB 209 and is preparing a comprehensive list of secondary rulemaking packages to continue to clean up the provisions of SMARA. As rulemaking progresses, the Board will complete the list for legislative review later this year.

Figure 5.



Main Pit at Mountain Pass Rare Earth Mine, Mtn. Pass, San Bernardino County
(Schmidt)