

County of Santa Clara

Department of Planning and Development

County Government Center, East Wing, 7th Floor

70 West Hedding Street

San Jose, CA 95110

Phone: (408) 299-5700

www.sccplandev.org



January 11 2022

****Sent via email only****

Tressa Jackson
Lehigh Cement Group
24001 Stevens Creek Blvd.
Cupertino, CA 95104

**SUBJECT: Statement of Inadequacy
2021 Financial Assurance Cost Estimate for
Lehigh-Permanente Quarry; County File PLN10-2250-2021-Annual Report
State Mine ID# 91-43-0004**

Dear Ms. Jackson:

The County of Santa Clara (County) has reviewed the enclosed 2021 Financial Assurance Cost Estimate (FACE) for Lehigh-Permanente Quarry (Quarry).

The County completed the annual inspection on September 17, 2021 and received the 2021 FACE on October 15, 2021. According to the 2021 FACE, the total cost for reclamation is estimated to be \$60,440,905.00. The financial assurance mechanism (bond) is currently \$63,011,825.00

Based on review by County staff and a review by Lilburn Corporation working under contract to the Santa Clara County Department of Planning and Development, the County has determined that the Quarry's FACE is **inadequate** and hereby requests that the Operator submit a revised FACE with the following changes:

General Comments:

1. Based on the operational hours and number of dozers and other pieces of equipment that will be utilized to conduct Reclamation Phase II, it will take more than 10 years to reclaim the site. However, the Environmental Impact Report (EIR) preped for the 2012 Reclamation Plan specifies that reclamation is to occur in five years. Please revise the FACE such that Reclamation will be accomplished within five years as specified in the 2012 EIR.
2. Please provide a third party cost estimate for removal and transport of plant structures and equipment.
3. Please provide a third party cost estimate from a grading contractor to implement backfilling of the main quarry pit. This estimate shall include cost of living increases to account for cost increases over the time span required to complete the task.

4. The submitted 2021 FACE utilizes the 37th Edition of the Caterpillar Handbook rather than the current 49th edition. Please utilize the 49th edition and revise the FACE to account for changes to machine performance and efficiency, if any.
5. All calculations need to be quantified and disclosed as an Appendix to the FACE. Referencing the Caterpillar Handbook and including exhibits is unacceptable.

Specific Comments:

6. Task V (Plant Structures and Equipment Removal) of the FACE includes a salvage value for scrap metal. Please include a third party estimate of the amount of scrap metal on-site and a confirmation of the current scrap metal value. The estimate must be site specific.
7. Task V (Plant Structures and Equipment Removal - Mobile Equipment Removal) of the FACE does not identify the location where mobile equipment will be hauled. Please revise the FACE to identify the location where mobile equipment will be hauled and revise the FACE accordingly.
8. Task V (Plant Structures and Equipment Removal - Mobile Equipment Removal) of the FACE shall be revised to include a cost estimate for demolition and removal of all on-site support structures including equipment maintenance buildings, laboratory, office trailers, scale houses, scales, water storage tanks, fueling station, cargo containers, and miscellaneous structures around the site. This estimate shall include the assumptions and calculations used to determine the quantity of asphalt and concrete, concrete breaking productivity, load and haul time, and number of trucks.
9. Task V (Plant Structures and Equipment Removal - Mobile Equipment Removal) of the FACE shall be revised to include a separate cost estimate for the removal of utility poles and related electrical equipment.
10. Task VI (Backfilling Main Pit) of the FACE does not include the cost needed to periodically relocate the conveyor system in the main pit. The FACE shall be revised to specify the number of time the conveyor system needs to be relocated to accomplish backfilling of the main pit and shall include the associated labor and equipment costs.
11. Task VI (Backfilling of the Main Pit) of the FACE specifies that a Foreman shall be present for 200 hours. This is insufficient; the foreman needs to be present the entire time. The FACE shall be revised to include the number of hours required for a foreman be present during the entire length of the backfilling operation.
12. Task VI (Backfilling of the Main Pit) of the FACE shall be revised to increase water truck hours such that a water truck is present during the entirety of earth moving activities.
13. Task VI (Backfilling of the Main Pit) of the FACE shall be revised to include equipment productivity calculations for each different type of earthmoving equipment.
14. Task VI (Ripping, Finish Grading, BMP Installation) of the FACE shall be revised to include equipment productivity calculations for each different type of equipment listed.
15. Task VI (Primary Reclamation Activity - Stockpile Relocation, Organic Material, Capping) of the FACE shall be revised to include equipment productivity calculations for each type of earthmoving equipment.

16. Task VI (Primary Reclamation Activity - Ripping, Finish Grading, BMP Installation) of the FACE shall be revised to include equipment productivity calculations for each type of earthmoving equipment.
17. Task VI (Primary Reclamation Activity - Ripping, Finish Grading, BMP Installation) of the FACE shall be revised to include a water truck for dust control sufficient for the water truck to be present on-site during all earth moving activities.
18. Task VI (Primary Reclamation Activity - Ripping, Finish Grading, BMP Installation) of the FACE shall be revised to include erosion control materials for desliting basin installation.
19. Task VI (Primary Reclamation Activity - PCRA Culvert/Boulder Removal, Grading, BMPs) shall be revised to include the number of hours required for a foreman be present during the entire length of this reclamation task.
20. Task VI (Primary Reclamation Activity - PCRA Culvert/Boulder Removal, Grading, BMPs) of the FACE includes removal of 200 boulders. Please clarify how this number was reached. Are 200 boulders an estimate or based on a count?
21. Task VII (Revegetation) of the FACE shall be revised to include equipment productivity calculations for each different type of equipment utilized for the task.
22. Task VII (Revegetation) of the FACE shall be revised to include necessary material (protective screening) to prevent animals from grazing on the container plants and hours needed for installation of the protective screening.
23. Task VIII (Miscellaneous Costs) of the FACE shall be revised to include a separate cost for closure of the 5 conveyor tunnels.
24. Task VIII (Miscellaneous Costs) of the FACE shall be revised to include equipment needed and labor costs to remove, haul away, and dispose of power line and poles.
25. Task VIII (Miscellaneous Costs) of the FACE shall be revised to include labor, equipment, and disposal fees for removal of warter and power lines.
26. Task VIII (Miscellaneous Costs) of the FACE shall be revised to include a third party estimate for an Environmental Site Assessment (Phase 1) of fueling areas, waste oil storage areas and equipment maintenance areas.
27. Task IX (Monitoring) of the FACE shall be revised to include a consultant's estimate for the monitoring work specified.

As required by SMARA, please submit a revised FACE on or before February 11, 2021. If you have any questions regarding this matter, please contact me at 408-299-5785.

Sincerely,

DocuSigned by:
Robert Salisbury
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Robert Salisbury
Senior Planner

Enclosure: Lehigh-Permanente Quarry 2021 FACE (10/15/2021)

cc: Lolita Urrutia, Division of Mine Reclamation
Tressa Jackson, Lehigh-Permanente Quarry
Jacqueline R. Onciano, Director, Dept. of Planning & Development
Leza Mikhail, Planning Manager