



KAISER CEMENT CORPORATION, NORTHERN CALIFORNIA REGION

March 1, 1988

Mr. Lucas Stamos
Department of Planning
& Development
70 West Hedding Street
San Jose, CA 95110

Dear Mr. Stamos:

Kaiser Cement Corporation ("Kaiser") intends to install equipment for a portable sand and gravel plant (the "Portable Facility") on its Permanente property in Santa Clara County. The property is described in Use Permit #23. The preliminary plant engineering is complete and we have previously submitted to you the general arrangement drawings showing such things as the equipment, its location and production flow. The Bay Area Air Pollution Control District as lead agency has issued an Authority to Construct for the facility. Prior to actual installation of the equipment we are hereby soliciting the concurrence of the County that no new county permits or modifications are necessary.

Kaiser's Permanente facilities include an existing quarry, cement plant and commercial rock crushing and production plant (the "Aggregate Plant"). The quarry has been in operation since prior to the adoption of the County's use permit ordinances and as such is a grandfathered legal conforming use pursuant to section 38-7 of Article 38 of the County's Ordinances. The cement plant and Aggregate Plant operate pursuant to Use Permit #23 initially issued in 1938. Kaiser's cement production capacity is and will remain at 1.6 million tons a year.

Because of the physical constraints involved in the manufacture of cement and the physical properties of the rock in the Permanente quarry, Kaiser quarries considerably more rock products than are actually used in the production of cement. This excess rock is used to produce commercial

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rock products which are sold or stockpiled for possible future use. The chart below illustrates the last three years' quarry production and usage.

| | <u>1985</u> | <u>1986</u> | <u>1987</u> |
|-----------------------|-------------|-------------|-------------|
| Total Quarry Harvest | 4,553,625 | 4,518,070 | 4,441,295 |
| Cement Plant Demand | 1,565,131 | 1,897,663 | 1,956,769 |
| Commercial Rock Sales | | | |
| Sub Base | 311,049 | 325,807 | 124,627 |
| Base Rock | 523,397 | 342,162 | 262,048 |
| Treated Base | 23,127 | 9,657 | 10,381 |
| Coarse Rock | 855,476 | 749,642 | 655,311 |
| Un-Processed | 79,105 | 72,758 | 32,141 |
| Bank Run Fill | 736,894 | 105,228 | 177,318 |
| Total Commercial Rock | 2,529,048 | 1,605,254 | 1,261,826 |

Please note that "Cement Plant Demand" indicates the tonnages of quarry products used in the production of cement. It does not indicate the amount of cement manufactured since a greater tonnage of raw product is used than the tonnage of cement produced.

The chart illustrates that not all excess rock (total quarry harvest minus cement plant demand) is presently being sold. For example, over one million tons of the 1987 quarry harvest was not used in the manufacture of cement and was not sold as a rock product. The chart also illustrates that because of falling demand for rock products, the amount of excess rock is increasing. The present inability to use all quarried rock results in the potential wasting of a valuable resource. The Portable Facility will allow commercial use of some of the excess rock called "diabase" by producing a mineral aggregate product for which there is a ready market.

The Portable Facility will have an annual production capacity of 500,000 tons. Not all of this tonnage will come from excess rock, however, since a portion of it, approximately 200,000 tons, will come from using material which is now being sold as "Coarse Rock" and "Unprocessed Rock." Thus, only about 300,000 tons a year of the excess diabase rock will be available for sale.

No new use permit or modification of the existing use permit should be needed for the Portable Facility because the County has previously determined that rock processing on the Permanente property for commercial sales is an included use within Use Permit #23. We understand that your review of County records confirms this. We also wish to call to your attention that the County Planning Commission indicated the same view at its public meeting on July 25, 1956 when the question of the Permanente aggregate plant was before it. Additionally, such a use is incident to Kaiser's right to quarry in any event.

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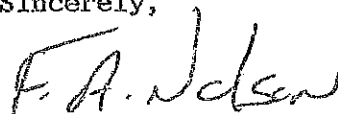
Since no new use permit is needed and because of the nature of the proposed activity i.e., the erection of portable equipment within the cement manufacturing/rock crushing use permit area, architectural and site approval should also not be necessary. Such approval should only be required for an activity otherwise requiring a County permit.

We are quite anxious to commence the installation of the Portable Facility. Please review this request at your earliest convenience. Should you desire any additional information please let me know. We would be happy to meet with you should you so desire.

Please keep in mind that in no event do we wish to modify our existing use permit insofar as it relates to ongoing operations.

Thank you for your assistance and consideration.

Sincerely,



F. A. Nelson,
Vice President and General Manager
Kaiser Cement Corporation
Northern California Region