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Local
Agency
Formation
Commission**

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RE: Comments on Idaho-Maryland Mine DEIR

The following comments on the City's Draft EIR for the Idaho-Maryland Mine Project are respectfully submitted with two purposes in mind:

- First, to assure that the final environmental document adequately covers those matters that are within the Commission's purview as a Responsible Agency under CEQA.
- Second, to offer recommendations relating to information LAFCo will need in considering the City's anticipated application for annexation of the project area and adjacent properties.

Text in boldface type summarizes issues previously identified in LAFCo's response to the City's Notice of Preparation. In some cases, it is not immediately apparent whether and how the DEIR has addressed these issues. Italic text is used for follow-up comments on the DEIR.

1. COMMENTS ON ANNEXATION OF THE PROJECT AND ADJACENT AREAS

1.1. Annexation and development of the IMMC and related properties in City of Grass Valley

The EIR must provide analysis of the potential impacts of development of the Milco and Ennis properties.

The DEIR does not appear to include analysis of the potential development impacts for the Milco and Ennis properties, which LAFCo previously requested. LAFCo cannot process an annexation proposal without environmental analysis of the impacts of the most likely use of the entire territory, and LAFCo must include the Ennis and Milco properties in the IMMC annexation, in order to avoid creating unincorporated islands within the City.

The City's General Plan designates the entire Milco property (21.06 acres) as Business Park, while the Ennis property (5.22 acres) includes areas designated Residential - Urban Medium Density (UMD) as well as Business Park. No General Plan amendment is proposed for either property, and the DEIR says that the land uses of these properties will not change (p. 4.8-22). However, the map shown as Figure 4.8-8 apparently reflects a proposed change of zoning for the western portion of the Ennis property from UMD to M-2/MR (General Industrial-Mineral Resource). Does the City intend to adopt a General Plan amendment to support such a change, or is the map in error?

In any case, the EIR should provide an analysis of the potential impacts of development of these territories under whatever zoning is proposed. If development plans are unknown at this time, the EIR must base its analysis on the most intense possible use. The analysis must cover all major categories, including Public Services, Utilities and Services, and Transportation and Traffic. If the EIR for the project does not include such analysis, the Commission will be compelled to prepare the analysis, possibly as a supplemental EIR, at the applicant's cost, before acting on the annexation.

LAFCo law requires the City to prezone all territories prior to annexation; no subsequent change may be made to the General Plan or zoning for the annexed territory for a period of two years after completion of the annexation, unless the City Council makes specific findings at a public hearing.

In view of the fact that the proposed mine operation would surround any residential use on the Ennis property, it would seem impractical to retain any of that property in a Residential designation.

1.2. Annexation to and service from Nevada Irrigation District

- **Project description must include annexation and service to the IMMC site, the Milco and Ennis properties, and any and all additional properties with wells that are at risk for dewatering.**
- **The document must also analyze complete installation of water lines necessary to serve any potentially impacted properties,**
- **It should also analyze Nevada Irrigation District's future capacity to serve the mine, the surrounding parcels, and all properties that may lose well capacity as a result of the dewatering of the mine.**

The DEIR offers Chapter 2.10.1 as a "construction methodology" for installation of the NID waterline that would provide replacement water service to dewatered properties. However, the map provided does not include all the territory designated as the "study area." Is this section intended to address the impacts of extending NID service to all properties that are subject to potential dewatering as described in Chapter 4.7? The environmental report must review extension of NID service to the entire area that may be dewatered. This should include not only installation of a main water line, but also the lateral connections to each potentially de-watered home.

The document must also review NID's capacity to serve that entire area, not just the IMMC site as represented in Chapter 4.14.

2. COMMENTS ON SPECIFIC TOPIC AREAS ADDRESSED IN THE INITIAL STUDY

2.1. Hydrology and Water Quality

- **The 1995 Nevada County EIR hydrogeology study of 64 private wells was preliminary and is now over twelve years old; it is inadequate for the current project. As indicated in the NOP, a**

comprehensive study by a qualified hydrogeology firm is needed to identify private wells at risk of being dewatered.

- Any and all properties with any potential for dewatering (not just “high” or “moderate” risk wells, given the lack of precision available in fracture flow hydrogeology) should also be included in the area to be annexed to Nevada Irrigation District.
- Appropriate mitigation measures for potential dewatering should include engineering and installation of water connections to impacted properties, bonding and other financial mechanisms to support the installation of water lines and replacement of private wells with public treated water, and plans for immediate supply of a temporary water source for any private properties that are suddenly dewatered for a period of time that could extend beyond the life of the mine itself.

As noted, the IMMC project area as well as some additional territory in the vicinity is not included in Nevada Irrigation District boundaries. The LAFCo proposal must therefore include annexation to NID of the project site as well as any properties in the vicinity of the project that are not already within the District. This action would render unnecessary APM 11, which refers to the “required annexation” to NID of any properties with dewatered wells as a condition of receiving service. Note that implementation will mean consultation with the District as well as LAFCo to ensure inclusion of all potentially impacted parcels.

In order to confirm that all properties potentially impacted by dewatering can be addressed in the mitigation plan, the City should consult with Nevada Irrigation District to prepare a map of the study area that depicts:

- Parcel lines;
- All monitored wells, as well as an indication of which are characterized as High, Moderate, Low and Very Low Risk;
- The full extent of the area in which IMMC will be required to finance NID connection and service in the event of dewatering;
- Current and proposed NID boundaries;
- Existing NID and/or City water lines as well as those planned as mitigation against potential dewatering.

Although the DEIR asserts the 1995 hydrogeology study was “verified” by Todd Engineering, it does not appear that consideration has been given to expansion of the area of potential risk beyond that defined by the 1995 study. Given the lack of certainty of the conclusions of both studies (as discussed on Page 4.7-34), mitigations should make provision for NID service to be extended to all properties in the study area, not just those in the High and Moderate Risk Well areas. NOTE: the Applicant Proposed Measures listed in Chapter 2.10 indicates “IMMC’s intent ... is to ensure that domestic well owners proximate to the New Brunswick site would have a continuous supply of potable water during project operations ...” Provisions to that end should apply to the domestic well owners in the vicinity of the Idaho Maryland site as well as the New Brunswick site.

The “Construction Methodology” outlined at 2.10.1, describing the plan for installation of a permanent water pipeline, predicts that it would take up to three months to install water pipelines and that pipeline construction would be initiated only in the event of “definite and sustained negative response to mine dewatering.” However, Mitigation Measure 4.7-3b states that connection of dewatered properties should occur within 14 days. In order to fulfill that mitigation, installation of needed water

lines would need to begin in advance of the mine's dewatering, to be in place should the dewatering impact individual wells.

Given the stated project objective to ensure that properties with wells that are adversely impacted by the mine operation are "made whole" by ensuring immediate temporary water supply and timely permanent connection to the Nevada Irrigation District system, at no cost to the property owners, several mitigation measures should be expanded:

- *APM 4 – Engineering and design plans for connecting parcels to NID should include all potentially impacted parcels in the study area, not just those in the High and Moderate risk groups. The engineering and design plans must be reviewed and approved by NID.*
- *APM 5 – The installation schedule should address all impacted properties in the study area, not just those in the High and Moderate risk groups.*
- *APM 6 – The financial assurances must entirely cover the cost of installing NID water lines, water connections and service to all potentially impacted properties in the study area, not just those with known High or Moderate risk wells. Also, the City must ensure that the level of funding to support this mitigation is adequate. NOTE: the financial assurance cost estimate posted on the City's website does not appear to include funding for mitigation against dewatering of private wells. See more on the topic of structuring adequate financial assurances for necessary services below.*
- *APM 7 – Well and groundwater monitoring should continue for some reasonable period beyond the completion of mine dewatering. The appropriate period for this extended monitoring should be determined upon consultation with a qualified hydrogeology professional.*
- *Mitigation Measure 4.7-3b requires the applicant to connect properties in the High to Moderate Risk categories to NID's system within 14 days in the event of dewatering. This measure should be broadened to include all properties in the study area. However, as discussed above, it is unclear how the 14-day connection requirement can be accomplished unless the major portions of the necessary waterlines have been installed prior to the mine's dewatering; a 14-day time-frame is not consistent with the "construction methodology" outlined in Chapter 2.10.1 which states, "Therefore, as proposed by the applicant, construction of a water pipeline would not occur until a definite and sustained negative response to mine dewatering occurs." The City could resolve the inconsistency in favor of ensuring dewatered properties are provided immediate relief in the form of a temporary water source and connection to NID as a permanent replacement source in a timely manner; property owners and residents that are required to endure a temporary water supply for an extended period should receive financial compensation for deprivation of use. Such a plan must be supported by a viable and secure funding source.*
- *Mitigation Measure 4.7-3d requires the applicant to provide a temporary water source to an affected well owner prior to the installation of a permanent water source; however, it is not clear whether this measure is intended to apply to all wells in the vicinity, those in the study area, or to particular risk categories (i.e., High, Moderate, Low, and Very Low risk). It also states the cost of the immediate and temporary water supplies shall remain the burden of the applicant. The possible cost of implementing this mitigation must be secured in some way, perhaps by including it in a financial assurance package.*

- *Mitigation Measure 4.7-3d also refers to use of a third-party consultant mutually selected by the City and the applicant to determine whether a well's failure is due to the mine's dewatering; however, at least some of the properties will not be within the City's jurisdiction. It may make sense for the City to appoint a panel of professionals with expertise in hydrogeology to determine cause for such cases.*

2.2. Land Use – Housing

- **Loss of 47 acres of residential land – how many housing units would this area accommodate given its UMD designation?**
- **The EIR should also address the potential displacement of existing housing stock in the adjacent residential areas south of Crown Point Circle.**

The DEIR estimates that the redesignation of 47 acres of residential land will result in a lost opportunity to accommodate between 188 to 376 residential units, but posits that the City's SDA Study indicates that the four SDAs will have a combined total of 689 more housing units than the General Plan allows and that the SDAs will therefore be able to absorb the loss of the 188 to 376 units. However, since the SDA study was prepared, it is our understanding the City may allow the County to process one of the SDAs and another appears to be in foreclosure. Given these developments, is the "less than significant impact" finding still appropriate?

The DEIR does not appear to address the issue of whether the mine project will have the potential to displace existing housing stock in the adjacent residential neighborhood south of Crown Point Circle.

2.3. Transportation and Traffic

The EIR must consider the impacts that would result from trucking surface tailings and other waste to an off-site location (as the ceramics operation is independent of the mine ownership and project).

It does not appear that the DEIR provides analysis of a project variation in which the ceramics operation would be located off-site, which would require IMMC to transport the feeder stock along public roadways. This variation might have impact on the frequency of truck trips.

Also, although the section of the DEIR on Truck Access and Circulation provides a written description of the route that trucks would take to access west (south) S.R. 20/49, for the sake of clarity it is suggested that the route be depicted on a map. It appears that the trucks will access the freeway via the new roundabout, drop back onto city streets from the Bennett street off ramp, before making a final freeway access at the South Auburn Street on ramp. What is the expected frequency of truck traffic on this route? (According to the DEIR, the trucks are expected to be held back during 5 peak hours – 7:00 to 9:00 a.m., 12 noon to 1 p.m., and 4:00 to 6:00 p.m.)

2.4. Emergency Response

As described in the DEIR, the increase in truck traffic on area roads could potentially result in delays in emergency response. Further, construction activity for the realignment of Centennial Drive with Spring Hill Drive and the extension of Centennial southward to Bennett is expected to result in temporary closures of those public roadways.

Two mitigations are proposed to address these impacts:

- *(4.11-2a) requires the applicant to consult with emergency service providers prior to construction and to submit verification of consultation to the City. The DEIR should include a list of the emergency service providers who would be consulted and*

indicate which department of the City will be responsible for verifying that consultation has been completed.

- (4.11-2b) requires all project access and service roads to be made available for use by emergency responders. This mitigation should explicitly require that all emergency access and service roads be adequate to accommodate emergency vehicles.

2.5. Roadway Wear

The DEIR assesses potential wear from truck traffic on Idaho Maryland road, requiring the applicant to finance core sampling and associated testing of the base and sub-base of the roadway and to finance improvements to ensure the roadway can continue to accommodate such heavy vehicles. This mitigation should require testing and improvements as necessary for all roadways that would be used by trucks, as indicated in the Truck Access and Circulation section mentioned above. This would include the one-way westbound frontage road that would lead to the South Auburn Street westbound freeway on-ramp.

3. FINANCIAL ASSURANCES AND OTHER MATTERS

The following comments are offered to assist the City in preparing a proposal to LAFCo for the annexation of the territory to the City and to Nevada Irrigation District.

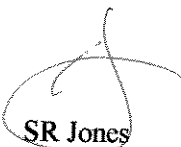
As stated in the DEIR Chapter 4.8, the City of Grass Valley Development Code requires an executed agreement relating to financial assurances prior to LAFCo's issuance of a Certificate of Completion [Section 17.42.130]. LAFCo will require these plans to be prepared and submitted prior to the proposal's consideration by the Commission, so that they may be considered as part of the project.

The structure and viability of financial assurances is one of the most critical aspects of this project, in order to protect neighboring properties from a number of risks and hazards and to ensure the public is not burdened with costs of closure and reclamation in the event the applicant is unable to complete the process. Although many of this project's risks and impacts may be effectively managed or mitigated, success in doing so depends upon the strength of the financial assurance program, which calls for a professional and objective approach to calculating risk, establishing costs, determining the appropriate level of financial assurance, and developing a prudent schedule for release of the funds. Although the financial assurance plan will be reviewed by the State Department of Conservation, the City may wish to consider contracting with an independent financial firm that has professional expertise with such plans to conduct an independent review of the program in order to ensure the level of bonding is adequate.

Mitigation of potential disruptions of private or public services should also be covered by a financial assurance package, calculated and structured in a manner similar to the reclamation plan performance bond package. Close collaboration with existing service providers, such as Nevada Irrigation District, will be required to correctly project the cost of installation and connection of service lines. As with the reclamation package, this financial package should be reviewed by a qualified attorney.

If any of the comments above seem unclear, please do not hesitate to call or email me to request clarification.

Yours very truly,



SR Jones
Executive Officer