Las Pilitas Resources, LLC
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VIA EMAIL AND HAND DELIVERY

Ms. Sue Luft, Chair
Water Resources Advisory Committee (WRAC)
c/o Public Works Department
County Government Center, Room 207
San Luis Obispo, CA 93408

May 1, 2013

Re: Response to Suggested Water Resource Comments on the Draft Environmental Impact Report (DEIR) for the Oster/Las Pilitas Quarry

Dear Chairman Luft:

The Las Pilitas Resources team has reviewed the WRAC subcommittee's comments of April 22, 2013 regarding the above-referenced permit application, and respectfully offers the following responses for the WRAC's consideration and elucidation.

Response to Comment 1. This comment observed apparent inconsistencies between the application materials and the DEIR regarding the washing of aggregate. It is important to note that the application was submitted approximately 3 years ago, and that during the application review process, the project description is a dynamic document subject to continual refinement and revision, particularly once the CEQA review begins. Although the original application materials made reference to washing aggregate, that is no longer part of the project description. The governing project description is the Project Description in Chapter 2 of the DEIR—at this point the application materials should be considered to be somewhat outdated.

To be clear, *Las Pilitas Resources is not proposing to wash aggregate.* (See DEIR, Section 2.3.5, pg. 2-9.) Some of the confusion on this point may be due to the fact that the DEIR, which was not written by the applicant, occasionally makes reference to "concrete-grade aggregate" or "Portland Cement Concrete (PCC) grade aggregate." However, because the material will not be washed, this project will be producing *non-grade* aggregate, not concrete or PCC-grade. (Please see the Response to Comment 3, below, for a list of products that will be produced from the Project.) We intend to submit a comment on the DEIR making this

clarification and requesting that these statements be changed in the Final EIR. Of the total forecasted aggregate demand over the next 50 years in this area, approximately 60% will be for PCC-grade materials, and approximately 40% will be for non-grade materials such as those produced by this project.

Response to Comment 2. This comment is based on the incorrect statements in the DEIR that the project would be producing PCC-grade material, which is generally washed. Please see the Response to Comment 1, above. We are not aware of any potential customers in this County or elsewhere who would be buying our product and washing it. To the extent that someone did want to purchase the product and wash it, such activities would have to be part of their permitting review process.

Response to Comment 3. We intend to produce the following products: Decomposed granite (DG) for residential, commercial and landscaping (trail pathways, etc.) applications, road base, rip rap, drain rock, landscape wall rock, decorative rock, and non-expansive fill. There is the potential for this material to be used, unwashed, as an ingredient in asphalt, but this scenario is unlikely as all of the local asphalt producers have their own supply of rock.

Response to Comment 4. The estimate of 4,000 gallons per day for dust control is based on the following considerations: The largest potential source of dust is the stockpiling and loading area. The active mine face is not a large source of dust given the natural state of the material to be mined (relatively little topsoil, etc.), nor is the active reclamation/revegetation area a large source of dust. These assumptions are generally consistent with the assumptions in the EIR (See page 4.3-26 and Table 4.3-7.) The access road will be paved, requiring relatively little dust control. Accordingly, although the mine footprint based on the phasing maps in the EIR appears large, the acreage requiring active dust control is not as large. The stockpiling and loading area will be located in the bottom of the mine basin, which will help to limit wind disturbance and dust migration in the first instance and, as discussed below, the use of soil binders and other best management practices will also serve to reduce the need for watering. The maximum area subject to water application will vary depending on the mining phase and the size of the stockpiles on hand, and thus is not easily quantified; however, the bulk of the water for dust control will be applied in the stockpiling and loading area, which will only be a few acres in size. We feel that the estimate of 4,000 gallons per day is reasonable to service the project's dust control needs given these factors, and the EIR did not

identify that more than 4,000 gallons per day would be needed to comply with the required dust control mitigation measures.

Response to Comment 5. The best management practices for water as dust control involve both reducing the amount of water that needs to be applied in the first instance, and maximizing the effectiveness of the water that is applied. In order to reduce the amount of water that will be applied, we will be taking the following steps: paving the access road, contouring the mine face so as to minimize wind disturbance, using the minimum number of vehicles/equipment necessary to harvest and transport the material in order to keep down internal road dust, stockpiling the material in a manner that will reduce wind disturbance and erosion, and applying environmentally-friendly soil binders in a strategic manner. In order to maximize the effectiveness of the water that is applied, we will be cognizant of the time of day and the temperature when the water is applied, as well as when a given stockpile or area is slated for disturbance next. With this type of material, a topical application of water will form a "crust" on the stockpile, which will remain in place until that crust is disturbed. Accordingly, it is not necessary to water stockpiles every day unless they are being disturbed every day, and even then, the entire stockpile does not need to be re-watered. Water applied to roadways will be done in conjunction with a palliative (soil binder) as needed. We will also utilize water from the storm water settling ponds for dust suppression wherever possible instead of fresh water.

Response to Comment 6. EIRs do not typically include MSDS sheets for a variety of reasons, and CEQA case law has recognized that such a level of detail is not required for a sufficient EIR, and in fact could be counter-productive. The primary reason for not including an MSDS sheet in an EIR (or, indeed, prior to project operation) is that it would commit the applicant to a particular brand that might be unavailable by the time the project actually commences, or which might have proved not to be the best product for the job at hand during the time between EIR publication and project commencement. Changing products once an MSDS sheet has been published in an EIR could, theoretically, require re-opening of the CEQA process. Instead, Las Pilitas Resources intends to suggest the following condition of approval to the County regarding the use of soil binders: "All soil binders used shall be 'environmentally friendly,' meaning that they have been approved by either the United States Environmental Protection Agency (EPA) under the Environmental Technology Verification program, or by the United States Department of Agriculture (USDA)

BioPreferred program, and have been approved by the California Department of Fish & Wildlife (CDFW) for use in and adjacent to stream and lake habitats."

Response to Comment 7. This comment included two subparts that are addressed in turn:

(a) The objective criterion for measuring fugitive dust at levels *below* APCD Rules 401 (Visible Emissions) and 403 (Particulate Matter Emission Standards)—both of which the project will be subject to—is visibility. Per the standard rule governing visible dust, Las Pilitas Resources will not allow any visible dust plumes to leave the project site. Although the general requirement is that visible plumes not cross the property line, we will ensure that visible plumes do not leave the mining area. If it is visible, it will need to be suppressed. This will be accomplished by the use of the BMPs described above, and will be aided by the natural topography of the mine site, in which the largest potential dust sources will be located at the bottom of the mining area and protected by ridgelines.

(b) Because of the considerations above, we believe that the estimated 4,000 gallons per day will be more than sufficient to accomplish this mitigation measure. In other words, suppressing visible dust plumes and exercising extra diligence on days when wind exceeds 15 mph will not require additional water use beyond what is currently estimated, as our estimate takes these conditions into account. On non-windy days, for instance, we expect our water usage to be less than the estimated 4,000 gallons.

Response to Comment 8. Las Pilitas Resources does not anticipate covering stockpiles, which can present logistical hazards, and instead expects to spray and/or treat the stockpiles to comply with this requirement. In this context, "spraying" connotes wetting the stockpile with water to form the "crust" referred to above, and "treating" means adding a soil binder or other palliative to accomplish the same result. Spraying the stockpiles and immediately surrounding areas will account for a large portion of the estimated 4,000 gallons per day, and we do not anticipate any water quantity or quality implications that were not discussed in the EIR. Any palliative would need to be "environmentally friendly" and comply with the condition of approval discussed in Response to Comment 6, above; thus, there would be no anticipated water quality implications from the use of such products.

Response to Comment 9: There were no comments on the domestic water usage discussed in the EIR, and thus no response is necessary.

Response to Additional/Public Comments Received:

Las Pilitas Resources offers the following brief responses to the correspondence submitted by the public on this item:

1. Letter from Mr. Roy Reeves to CalRecycle, March 16, 2012: Las Pilitas Resources intends to fully comply with all CalRecycle regulations, standards and permit conditions for its recycling operations. The effects of these operations were studied in the EIR and were not found to be significant.

2. Letter from Mr. Roy Reeves to the Central Coast RWQCB, July 6, 2012: The issues raised in this letter are somewhat out-of-date. This letter was drafted before the Draft EIR was completed. As noted above, Las Pilitas Resources no longer intends to wash material as part of this project. A Water Supply Assessment was completed as part of the EIR, and found that the impacts on supply in the Salinas River would be less than significant. Finally, the EIR also found that any water quality impacts from the proposed operation, including recycling, could be mitigated.

3. Letter from Margarita Proud to the WRAC, November 27, 2012: Again, this letter was drafted prior to completion of the Draft EIR. We do not intend to wash aggregate, nor does the project include an asphalt or ready mix plant, so the comparisons to water use by other mines that have one or both of these components is inapt. The project's concrete and asphalt recycling component was studied in the EIR and no significant impacts on water quality were identified.

4. Letter from Margarita Proud to the WRAC, April 14, 2013, with Attachments: We would refer the WRAC to our above responses regarding the washing of aggregate. Statements made by applicant representatives early on in the process, before the project description was refined and finalized, are simply irrelevant. We can only legally do what was described and studied in the EIR, so that is the relevant project description. Each of the other mines identified by Margarita Proud involve washed aggregate, and are much larger and topographically different than the Las Pilitas Quarry. It may also be that those operations, each owned or proposed by large corporations, are not properly incentivized to conserve water. In any case, these comparisons are not apt. With regard to the recycling "waiver," it is important to note that the Hanson operation currently has this same waiver,

which has been in place for several decades, and no adverse consequences have been reported. (Keep in mind that the Hanson operation is subject to annual inspections by the County as well as other regulatory agencies.) Las Pilitas Resources is not proposing an asphalt manufacturing plant, and we can only do what was studied in the EIR, so this is not a component that could be added later. Finally, the EIR includes a chapter on land use compatibility, and the water resources chapter of the EIR took into account the limited groundwater along Parkhill Road, and concluded this project would have no effect on that situation. At the recent EIR workshop hosted by the County, the EIR Consultant stated he was "confident" that this project would not affect groundwater supply nor the flows in the Salinas River. These conclusions are borne out by the Water Supply Assessment in Appendix F of the EIR.

Conclusion

Las Pilitas Resources appreciates this opportunity to address the WRAC's comments. Las Pilitas Resources is hopeful that, given the above clarifications, your Committee will agree with the conclusions reached in the EIR regarding the water impacts of the projects, as well as the analysis, methodology, and veracity of the Water Supply Assessment in particular. The Water Supply Assessment, which forms the basis for the water section in the EIR, found that there was a more-than-adequate supply of water on the property, via both appropriative and riparian rights, to service the requested needs of the project. Given the purpose for which the WRAC was formed and its expertise, we would ask that this be the Committee's primary focus. We hope that you will find both the EIR and the Water Supply Assessment adequate, and encourage you to send this feedback to the County.

Respectfully,

Ken Johnston
Project Manager
Las Pilitas Resources, LLC