

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



FROM: John J. Benoit, County Supervisor

SUBMITTAL DATE:
October 29, 2012

SUBJECT: Fast Track Processing Status for the Revised Liberty Quarry Project

RECOMMENDED MOTION: That the Board of Supervisors Award Fast Track Processing Status to the Revised Liberty Quarry Project.

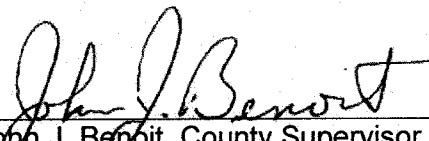
BACKGROUND:

The Board of Supervisors certified EIR No. 475 but denied the original Liberty Quarry Project on May 15, 2012.

In July, Granite Construction submitted a revised Project and requested fast track processing status at that time. See attached letter.

This revised Project will further reduce truck trips, associated pollution and degradation of roads throughout much of Riverside County. Additionally, it will create more than 75 new, permanent, full time jobs; invest more than \$10 million in land, building and equipment; and generate more than \$25 million in taxable sales annually.

It is for these reasons that I am requesting that the Board award fast track processing status to the revised Liberty Quarry Project.

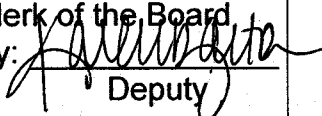


John J. Benoit, County Supervisor
Representing the 4th District

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Benoit, seconded by Supervisor Ashley and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Tavaglione, Benoit and Ashley
Nays: Buster and Stone
Absent: None
Date: November 6, 2012
xc: Supvr. Benoit, Planning

Kecia Harper-Ihem
Clerk of the Board
By: 
Deputy

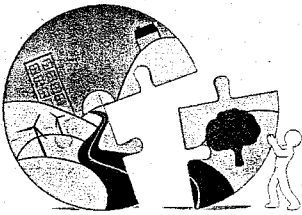
Prev. Agn. Ref.:

District: 4

Agenda Number:

3.9
JA-001b-11a
Form 11 (Rev 06/2003)

Departmental Concurrence



RIVERSIDE COUNTY PLANNING DEPARTMENT

Carolyn Syms Luna
Director

Original Negative Declaration/Notice of
Determination was routed to County
Clerks for posting on:

11/6/12 Date KD Initial

NOTICE OF EXEMPTION

TO: Office of Planning and Research (OPR) FROM: Riverside County Planning Department
P.O. Box 3044 4080 Lemon Street, 12th Floor 38686 El Cerrito Road
Sacramento, CA 95812-3044 P. O. Box 1409 Palm Desert, CA 92201
 County of Riverside County Clerk Riverside, CA 92502-1409

Project Title/Case No.: Fast Track Processing Status for the Revised Liberty Quarry Project

Project Location: In the unincorporated area of Riverside County, more specifically located at the southern end of the Santa Ana Mountains in the Southwest Area Plan of unincorporated Riverside County, south of the City of Temecula, to the west of Interstate 15, just north of the San Diego County line.

Project Description: A request that the Board of Supervisors grant Fast Track Status to the Revised Liberty Quarry Project.

Name of Public Agency Approving Project: Riverside County Planning Department

Project Sponsor: Riverside County

Exempt Status: (Check one)

- Ministerial (Sec. 21080(b)(1); 15268)
- Declared Emergency (Sec. 21080(b)(3); 15269(a))
- Emergency Project (Sec. 21080(b)(4); 15269 (b)(c))
- Categorical Exemption (_____)
- Statutory Exemption (_____)
- Other: Section 15061(b)3

Reasons why project is exempt: The project is exempt from CEQA pursuant to CEQA Guidelines section 15061(b)(3) because it can be seen with certainty that there is no possibility the Project may have a significant effect on the environment. The issue before the Board of Supervisors is only whether to allow the Liberty Quarry Project to be considered for fast-track approval under Ordinance 348.4750, and to allow the Project to proceed in accordance with Board of Supervisors Policy A-32. The decision whether to allow fast-tracking of the project is purely a procedural decision that does not commit the Board to either approve or deny the Project. Consideration of whether to award fast-track status to the project also does not alone create, or potentially lead to, whether directly or indirectly, any physical change to the environment. [Continued on next page]

Frank Coyle

County Contact Person

951.955 6097

Phone Number

[Signature]

Signature

Deputy Director

Title

11.6.12

Date

Date Received for Filing and Posting at OPR: _____

Revised: 3/15/10:

[continued from page 1]

In addition, assuming the Board of Supervisors votes in favor of fast-tracking, a decision on the merits of the Project would occur only after a noticed hearing is held before the Board, during which the Project would be thoroughly considered on its merits in light of its environmental impacts, as have been previously studied in a comprehensive and voluminous environmental impact report ("EIR"), which the Board has previously certified. For all of these reasons, environmental review of the decision whether to fast-track the project, in and of itself, would be premature and meaningless.

Save Our Southwest Hills

November 5, 2012

Riverside County Board of Supervisors
4080 Lemon Street, Fifth Floor
Riverside, California 92501

RE: Proposed "Fast Tracking" of Liberty Quarry (Agenda Item 3.9)

Dear Chairman Tavaglione, Supervisors Ashley, Benoit, Buster, and Stone:

The Liberty Quarry project does not meet the Fast Track Policy's requirements, per statements in the Motion's Background:

STATE REVIEW OF RIVERSIDE ORDINANCE 555.19

In the Board of Supervisors agenda posted on or before October 31, 2012, Agenda Item 3.9 proposes that the Board of Supervisors approve to Fast Track the proposed Liberty Quarry project. The Fast Tracking would be based on recent changes made reflected in Ordinances 348.4750 and 555.19, to allow for the Fast Tracking of surface mining permits. These changes were made only after the submission of Granite Construction's application of July 25th, 2012, requesting that the revised Liberty Quarry project be Fast Tracked, even though at that time, Riverside County Ordinances did not permit the Fast Tracking of surface mining permits. On July 31st (only six days later), the Board of Supervisors voted to request County Counsel draft changes to County Ordinances to allow for the Fast Tracking of Surface Mining Permits. On October 2, 2012, the Board of Supervisors approved the requested changes to allow Fast Tracking.

The State of California, however, must "review lead agency ordinances which establish permit and reclamation procedures to determine whether each ordinance is in accordance with state policy..."⁽¹⁾. In a telephone conversation on November 1st, 2012 with Mr. Stephen M. Testa, Executive Officer for the California State Mining and Geology Board, he confirmed that the review and response (and certification) to the changes made to Riverside County Ordinance(s) related to surface mining have NOT been completed as of the date of this conversation.

It appears that some Riverside County Board of Supervisor(s) are now prepared to move forward with a motion to approve Fast Tracking for the proposed Liberty Quarry project, despite the fact that the State of California has not even certified the ordinance(s) as being in accordance with state policy. It is unclear as to why the Board of Supervisors would be willing to take on the associated risk of approving a project before the respective ordinance changes have been certified.

NO REAL JOB CREATION

In the Motion's Background, it states: "Additionally, it will create more than 75 new, permanent, full time jobs..."

Submitted by Fred Ba.
11-6-2012
(date) 3, 9

Proposed "Fast Tracking" of Liberty Quarry (Agenda Item 3.9) – Page 2:

- This statement is difficult, if not impossible, to justify. The closest quarry to the proposed Liberty Quarry site is Granite Construction's own Rosemary's Mountain Quarry, approximately seven miles further south in San Diego County.

In an article in the North County Times newspaper, appearing less than three weeks after the Riverside County Board of Supervisors denied the Liberty Quarry project, reporting on Granite's Rosemary's Mountain Quarry, the article stated:

"The economy is very slow, so we're at about 10 percent of our maximum allowed production," said Gary Nolan, senior project manager of Granite Construction Co., which operates the quarry.⁽³⁾

The quarry has not been active for about three months because its biggest customer, Caltrans, has not been paving any roads during the winter, he said.⁽³⁾

The company is selling about 15 or 20 truckloads of stockpiled material a day, Nolan said.⁽³⁾

"Basically, that's nothing," he said. "There's not a big demand for materials right now, and that's because private sector construction is nonexistent right now."⁽³⁾

On February 27th, 2012 the status for this quarry went from being "Active" to "Temporarily Idled", and as of November 4th, 2012, now over eight (8) months later, the status is still shown as "Temporarily Idled".⁽²⁾

- Further, of the fourteen (14) Sand and Gravel quarries located in San Diego County, one (1) is presently reported as "Temporarily Idled", and two (2) are reported as "Intermittent"⁽²⁾. This status is based on the Quarry Operator's own reporting to the government. According to a Granite Construction representative's own statements to a community group, Rosemary's Mountain Quarry has never operated at even twenty-five (25) percent of its total permitted level.
- In reviewing Granite Construction's reported work hours for Rosemary's Mountain Quarry, since the quarry began operations in February 2008, the highest number of annual work hours for the "Quarry" and "Office Workers at Mine Site" combined was only 12,018 hours annually.⁽²⁾
- For the first nine months of 2012, Rosemary's Mountain Quarry reported only 1,382 work hours.⁽²⁾ Over the quarry's history the highest reported average number of employees was eight (8).⁽²⁾
- According to Granite Construction's own Liberty Quarry website (October 4th, 2012), thirty-six (36) of the new jobs will be for a "Readymix (Concrete) Plant", a plant which Granite Construction itself will not operate, and has NO identified Operator.
- Paraphrasing Granite Construction's Economist consultant Dr. John Husing, it is not the approval of an additional supply of aggregate that creates jobs, but rather, demand for aggregate. Clearly, it appears Granite Construction's Rosemary's

Proposed "Fast Tracking" of Liberty Quarry (Agenda Item 3.9) – Page 3:

Mountain Quarry suffers from a lack of aggregate demand, thus the approval of an additional quarry, just seven miles away, "will not create more than 75 new, permanent, full time jobs" if Liberty Quarry is approved.

The goal of the Fast Track policy is to create immediate jobs; however, with one of fourteen San Diego County quarries reported as Temporarily Idled, two other San Diego County quarries operating on a reported "Intermittent", and Granite's own start-up timeline, it cannot be concluded that approving Liberty Quarry "will create more than 75 new, permanent, full time jobs" in the foreseeable future, and more than likely, at least ten years into the future.

TAXABLE SALES

Based on Granite Construction's reported past and current production levels at the nearby Rosemary's Mountain Quarry, it is estimated that annual taxable sales are well under \$5 million annually. Further, based on Granite Construction's representatives statements earlier this year about operating at ten (10) percent of permitted levels⁽³⁾, this production level is less than 3.5% of the planned output for the proposed revised Liberty Quarry project; therefore, it is impossible to conclude that if the Liberty Quarry project is approved, that it will generate taxable sales of \$25 million in the foreseeable future. Further, based on Granite Construction's own project timeline, and the multiple additional governmental approvals which would be required after approval by the Board of Supervisors, it would be a minimum of at least ten years into the future before it is even conceivable that taxable sales would reach \$25 million on an annual basis.

NO REDUCTION OF TRUCK TRIPS

In the Motion's Background, in this Agenda Item it states, one of the points made for approving the motion states: "This revised Project will further reduce truck trips..."

- This statement is incorrect. In fact, there will be NO reduction in truck trips. Regardless of a quarry's location, the same number of truck trips are needed to transport the same amount of aggregate. There is no compression of material based on using a different quarry location, and therefore, NO reduction in truck trips.

For the above stated reasons, we believe the proposed Liberty Quarry project does not qualify for consideration as a Fast Track project, and therefore, should NOT be approved for Fast Track processing.

Respectfully Submitted,



Frederick J. Bartz
Save Our Southwest Hills

(1) California Public Resource Code § 2774.3

(2) Number provided by the U.S. Mine Safety and Health Administration

(3) North County Times newspaper article from March 7, 2012, by Gary Warth, regarding production output at Granite Construction's Rosemary's Mountain Quarry



Mine Data Retrieval System
as developed by PEIR

Mine Yearly Production Information

Current Mine Information

Mine ID: 0405683
 Operator: Granite Construction Company
 Opr. Begin Date: 4/6/2007
 Mine Name: Rosemary
 Current Controller: Granite Construction Inc
 Mine Status: Temporarily Idled
 Status Date: 2/27/2012
 Mined Material: Sand, Industrial NEC
 Type of Mine: Surface
 Location: San Diego County, CA
 State: CA

Operator History for Mine ID: 0405683

Operator Name	Begin Date	End Date
Granite Construction Company	4/6/2007	

How do I use this information? [Click Here](#)

PLEASE NOTE: The information provided by the Mine Data Retrieval System (MDRS) is based on data gathered from various MSHA systems. As there may be a lag time in data being entered into those systems, there will also be a lag in the reflection of that data on the MDRS.

MSHA Mine Yearly Reported Production Information

The current operator Granite Construction Company has been the operator since 4/6/2007

Prod. Year	Subunit Cd	Subunit	Annual Hrs.	Sum of Avg. Annual Emp.*
2012	03	Strip, Quarry, Open Pit	752	3
2012	99	Office Workers at Mine Site	630	2
Totals ...			1382	5
2011	03	Strip, Quarry, Open Pit	6636	3
2011	99	Office Workers at Mine Site	1267	2
Totals ...			7903	5
2010	03	Strip, Quarry, Open Pit	5168	5
2010	99	Office Workers at Mine Site	1892	3
Totals ...			7060	8
2009	03	Strip, Quarry, Open Pit	10676	5
2009	99	Office Workers at Mine Site	1342	2
Totals ...			12018	7
2008	03	Strip, Quarry, Open Pit	3651	3
2008	99	Office Workers at Mine Site	35	3
Totals ...			3686	6



Mine Data Retrieval System
as developed by PEIR

Mines by State, County and then
Commodity

Mines for the State of: **California**
In the County of: **SAN DIEGO**
Searching for: **Sand and Gravel**

Abandoned*
Indicates Mine is Abandoned and Sealed



ID	Operator	Mine Name	Type	Status	Commodity	More Info
0405681	Borrego Sand & Rock Inc	Rodriguez Borrow Pit	Surface	Intermittent	Sand, Industrial NEC	More Info
0400135	C W Mc Grath Inc	HILLSDALE GRANITE PIT	Surface	Active	Construction Sand and Gravel	More Info
0404080	CalMat Co	Chula Vista Quarry	Surface	Active	Construction Sand and Gravel	More Info
0401932	CalMat Co	Carroll Canyon Plant	Surface	Active	Construction Sand and Gravel	More Info
0405015	Campo Materials Company	Campo Materials Company	Surface	Active	Sand, Common	More Info
0405796	DNS Aggregates, Inc	Plant # 1	Surface	Intermittent	Sand, Industrial NEC	More Info
0404910	Enniss Inc	Enniss Lakeside Plant	Surface	Active	Construction Sand and Gravel	More Info
0405717	Escondido Sand & Gravel LLC	Inland Valley Materials LLC	Surface	Active	Sand, Industrial NEC	More Info
0405683	Granite Construction Company	Rosemary	Surface	Temporarily Idled	Sand, Industrial NEC	More Info
0401790	Hanson Aggregates Pacific Southwest Inc	Carroll Canyon Rock Plant	Surface	Active	Construction Sand and Gravel	More Info
0401989	Hanson Aggregates Pacific Southwest Inc	Lakeside Sand & Processing	Surface	Active	Construction Sand and Gravel	More Info
0402077	RCP Block & Brick Inc	RCP Sand Plant	Surface	Active	Construction Sand and Gravel	More Info
0400089	Superior Ready Mix Concrete L P	MISSION GORGE PLANT	Surface	Active	Construction Sand and Gravel	More Info
0405440	West Coast Rock and Sand	West Coast Rock and Sand	Surface	Active	Construction Sand and Gravel	More Info

Total Number of Mines Found: 14

[Return to DRS Home Page](#)

FALLBROOK: Rosemary's Mountain Quarry operating at 10 percent, manager says

By GARY WARTH gwarth@nctimes.com North County Times | Posted: Wednesday, March 7, 2012 4:34 pm

Air monitors have detected little cause for concern near the Rosemary's Mountain Quarry, but there also hasn't been much production there in the past few years, representatives of the plant informed a small group in Fallbrook on Wednesday.

"The economy is very slow, so we're at about 10 percent of our maximum allowed production," said Gary Nolan, senior project manager of Granite Construction Co., which operates the quarry.

"Our maximum allowed production is 1.2 million tons per year," he said. "Last year we did just over 100,000 tons."

The company acquired a permit to operate the quarry for 20 years in 2002, and the plant opened in February 2008, Nolan said.

The quarry is on 38 acres of a 94-acre site on Rosemary's Mountain, northeast of Interstate 15 and Highway 76 in Fallbrook. The operation mines aggregate, an industry term that describes a mix of sand and crushed rock, key ingredients in asphalt and concrete.

Residents near the quarry and the environmental group River Watch opposed the project as it was being planned. Among the concerns were fears that crystalline silica, an airborne particle known to cause lung damage, would be released when rocks were crushed.

The company posts results from quarterly air-quality tests on its website, www.rosemarysquarry.com, and holds periodic community meeting with updates on the tests and the project.

On Wednesday night, a meeting at the Rancho Monserate Country Clubhouse attracted about 20 people.

Paul Schafer of SCS Tracer Environmental, the independent firm hired to monitor air around the quarry, said tests since 2009 found only one day when particles in the air exceeded the state standard.

No cause was ever determined, he said, and the high reading has not been repeated since the quarry installed sprinklers to water down the site to prevent dust, he said.

Among the people attending the Wednesday evening meeting was Ruth Harber of River Watch, who drilled Nolan about possible plans to expand the quarry to the east.

Harber said a rumor is being circulated that Granite Construction plans to expand the Rosemary's Mountain Quarry to make up for the loss of the company's Liberty Quarry in Temecula, which the Riverside County Board of Supervisors rejected last month.

Nolan said the company has no plans to expand the Fallbrook quarry.

Although the quarry is operating at well below its capacity, Nolan said there still are plans to build a permanent crushing plant at the site, which now operates with small, portable equipment.

The crushing plant would be enclosed and would be built over 2 or 3 acres, he said. About 1 million tons of material still has to be moved to make way for the permanent structure, which could be built by the end of 2013, Nolan said.

The quarry has not been active for about three months because its biggest customer, Caltrans, has not been paving any roads during the winter, he said.

"They primarily work from the end of May to October, so the asphalt plant right now is sitting idle," he said.

The company is selling about 15 or 20 truckloads of stockpiled material a day, Nolan said.

"Basically, that's nothing," he said. "There's not a big demand for materials right now, and that's because private sector construction is nonexistent right now."

Call staff writer Gary Warth at 760-740-5410 or follow him on Twitter @NCTWarth.

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NOTE: Bolding added for comments referenced.



Mines by State, County and then Commodity

Mines for the State of: CalElseifornia
In the County of: SAN DIEGO
Searching for: Sand and Gravel

Abandoned*

Indicates Mine is Abandoned and
Sealed

ID	Operator	Mine Name	Type	Status	Commodity	More Info
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Total Number of Mines Found: 14

[Return to DRS Home Page](#)

November 6, 2012 BOS Meeting Speech by Marelle Dorsey
32832 Northshire Circle, Temecula, CA 92592

Good morning Supervisors,
My name is Marelle Dorsey. In February, I presented to you, hundreds of
Opposition Statements from RAQ, Realtors Against the Quarry.

I am sent to you again, pleading with you, not to fast track, even a temporarily
scaled down, Liberty Quarry project.

The EIR proves that Temecula Valley air quality would be negatively effected by
Liberty Quarry.

Therefore, there is no doubt that home prices, the economy, and jobs will also be
negatively effected.

According to the report of the experts who appeared before you, the paltry 20 cent
tipping fee would be vastly outweighed by a conservative county loss of an
estimated 3.6 billion dollars.

The following three quotes from a Press Enterprise September 9, 2012, "OUR
VIEW" written by the editors, and titled, "Pollution Challenge", offer further
support.

First, "Attracting jobs and commerce requires having places that people want to
live and work. Plenty of cheap land is not enough to compensate for poor quality
of life"

Second, "Any careful reader of the news knows that the Inland region, for example,
has some of the most polluted air in the nation, despite decades of improvement."

Third, "Nor are disease rates a secret. Any smart company will uncover all those
issues before ever moving to the region, as the data is readily available in public
records."

I want all of Riverside County to have good air quality. However, there is no proof
that the project will take trucks off the road.

The EIR clearly states that market forces will actually determine where any
Liberty Quarry products are sold.

Granite's Rosemary's Mountain Quarry, just 8 miles south of Temecula, has not
been blasting most of this year. As you know, demand effects supply, supply does
not cause demand.

I would like to end with a quote from Gifford Pinchot, a successful politician who
cared about smart land management. (attached)

He was the noted chief of what became the U.S. Forestry Service in 1905 and
later he served two terms as a Republican Governor of Pennsylvania.

Submitted by Marelle Dorsey

11-6-12 3.9
from

“The conservation of natural resources is the key to the future. It is the key to the safety and prosperity of the American people, and all the people of the world, for all time to come.

The very existence of our nation, and of all the rest, depends on conserving the resources which are the foundations of its life.”

— Gifford Pinchot

THE PRESS-ENTERPRISE

Pollution challenge

OUR VIEW - Published: 09 September 2012

Quote:

“What business is going to want to locate in an area suffering from bad air quality, polluted water and other environmental hazards? Attracting jobs and commerce requires having places that people will want to live and work. Plenty of cheap land is not enough to compensate for poor quality of life.

And trying to keep the public spotlight off pollution and environmental health issues is a fool's errand. Any careful reader of the news knows that the Inland region, for example, has some of the most polluted air in the nation, despite decades of improvement. Numerous news stories have outlined water quality issues, from perchlorate to nitrates and worse, that trouble the region's water supplies. Nor are disease rates a secret. Any smart company will uncover all those issues before ever moving to the region, as the data is readily available in public records.

The region's focus should be on reducing those health risks, not on hoping that people will ignore them.”



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RIVERSIDE COUNTY: Quarry haste

THE PRESS-ENTERPRISE

Published: 05 November 2012

05:40 PM

Riverside County
supervisors

A Text Size

should not couple bungled policy with terrible timing. Supervisors should reject a proposal to fast-track revised plans for a quarry near Temecula. This project requires thorough public review, not procedural corner-cutting.

On the Board of Supervisors' agenda today is a proposal to speed up the approval process for the Liberty Quarry. That step would allow reworked plans for the open-pit mine to bypass Planning Commission hearings and go directly to the supervisors

Submitted by *Patsy*

Holz
Item *3.9*

(date)

for approval. Granite Construction Company in July submitted scaled-down plans for the quarry and asked the county for expedited treatment. The mine would operate on a 414-acre site west of Interstate 15, just north of the San Diego County line. The quarry would produce aggregate, a type of rock used in construction materials such as cement and asphalt.

But putting this project on a fast track would compromise the credibility of the county's planning process and undermine public confidence in the board's impartiality.

Supervisors should not rush to compound the board's already dubious handling of the quarry. Supervisors in May formally rejected an earlier version of the project because its negative effects on the surrounding area outweighed the benefits — then approved the quarry's environmental report, which said just the opposite.

The quarry is one of the most bitterly contested projects in the county's history. Fast-tracking the plans would inevitably look like a scheme to limit review, curtail public input and stifle opposition. A project so divisive needs extensive scrutiny, not a rush to action that sidesteps procedures set up to protect the public interest.

Nor is it at all clear that the revised project avoids the issues that led to the rejection of the earlier proposal. The new plans call for a smaller open-pit mine that would operate for 50 years instead of 75, generating 640 truck trips per day rather than 800. But are those changes sufficient to reverse the Planning Commission's findings that the original project would not have protected "the public health, safety or general welfare"? The proposed location is still a hilltop site surrounded by a tribal reservation, an ecological preserve and a city of more than 100,000 people. And the mine would still mainly serve San Diego County, while Riverside County would absorb any negative effects on traffic, noise or air quality.

And scheduling the fast-track vote for Election Day, when public attention will be elsewhere, looks like a sneaky move. Supervisor John Benoit, who put the matter on the agenda, dismissed concerns about timing because the fast-track decision was not the "important hearing" on whether to approve the quarry. Yes, why would anyone be concerned about a vote that would curb public review and community input on a contentious project, just to serve the politically convenient interest of haste?

Thoroughly following approval procedures is doubly crucial for highly controversial proposals — not less vital. The board already muddled the quarry issue once, and should not give residents another reason to doubt the county's credibility.

Comments

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Barton, Karen

From: Laurel McKee <laurel.jslaw@gmail.com>
Sent: Tuesday, November 06, 2012 9:23 AM
To: COB
Subject: Comment letter re Agenda Item 3.9 on today's Board of Supervisors' meeting agenda
Attachments: Comment Letter re BOS Item 3.9 - 11-6-2012.pdf

Please deliver the attached comment letter to all concerned prior to the discussion on Agenda Item 3.9.

Thank you.

Laurel McKee for
Raymond W. Johnson, Esq., AICP, LEED GA

--

Laurel L. McKee
Administrative Assistant
Johnson & Sedlack
26785 Camino Seco
Temecula, CA 92590

Office: 951-506-9925
Facsimile: 951-506-9725

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Johnson & Sedlack

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Kim.JSLaw@gmail.com
Telephone: 951-506-9925
Facsimile: 951-506-9725

November 6, 2012

Board of Supervisors
County of Riverside
4080 Lemon Street
Riverside, CA

VIA HAND DELIVERY AND EMAIL

RE: *Opposition to Application of Fast-Track processing Status to Revised Liberty Quarry Project, November 6, 2012 Board of Supervisors Agenda Item No. 3.9*

Dear Members of the Board of Supervisors:

I am writing you to oppose voting to award fast-track status to the revised Liberty Quarry Project.

Application of the fast-tracking process to the revised Liberty Quarry Project is inappropriate and contrary to the law for a host of reasons. *First*, the legality of the Board of Supervisor's adoption of the fast-tracking amendments, Ordinance No. 348.4750 and Ordinance No. 555.19 to allow surface mining permits and reclamation plans to be "fast-tracked," is presently being litigated in two cases in the Superior Court of the County of Riverside. Hastily applying the fast-track process to the Quarry project while this litigation is ongoing is inappropriate.

The City of Temecula and SOS have both brought suit against the County's approval of the fast-track Ordinances for surface mining permits and reclamation plans, yet agenda item 3.9 now proposes to rely on those Ordinances to consider one of *the most controversial projects* in the County's recent land use/planning history. The Ordinances permitting fast-tracking of surface mining permits and reclamation plans were adopted without complying with the law, and reliance thereon is improper.

There was no CEQA review conducted for the Ordinances; rather they were found exempt pursuant to the "common-sense" exemption on the basis that it would be seen with certainty that there is no possibility that the activity may have a significant effect on the environment. (Guidelines § 15061(b)(3)) Yet now the County proposes to use those self-same Ordinances to consider a controversial and environmentally damaging project, demonstrating that the Ordinance could have an indirect significant environmental effect. Application of the common-sense exemption was improper.

Moreover, the Liberty Quarry project was not considered with the approval of the Ordinances despite the fact that it was apparent that the Ordinances were being considered for the specific project. The fast-track Ordinances were again wrongfully adopted.

Fast-tracking complex and damaging surface mining permits is also contrary to state and local law and policy which demands public hearings and participation. The Ordinances were also passed without due notice to the public to inform participation. By reserving to itself only one hearing on such matters, as with fast-tracking, the Board of Supervisors risks degrading these important policies and procedures.

Second, the fast-track procedures are wholly inadequate to permit the reasoned evaluation and mitigation of the significant environmental effects of the revised Liberty Quarry Project. If the County is relying on previously submitted and prepared documentation, the County and its departments will be given substantially limited time to review a whole host of materials, over 40,000 pages. Geotechnical review, for instance, is required by the fast-track procedures to occur within 10 days; not nearly enough time to review any geotechnical report and all comments submitted thereon *and also* develop conditions and mitigation measures for the Project. Other areas of environmental review are likewise thwarted. There is simply no way that under the fast-track procedures review of the revised Liberty Quarry project may be evaluated with legal sufficiency under CEQA.

Third, the Liberty Quarry Project may not be fast-tracked because, regardless of the amendments made with Ordinance No. 348.4750 and Ordinance No. 555.19, all surface mining permits must still undergo pre-application review (PAR) pursuant to Ordinance 752. Ordinance 348 Section 18.2.b. entitled "PRE-APPLICATION REVIEW" states: "Any person who seeks a permit or approval of any kind under this ordinance, shall comply with the pre-application review procedure described in County Ordinance No. 752 to the extent that such procedure is applicable." The PAR process specifically applies to surface mining permits as "Category III" proposals meaning that they are the most complex proposals. (Ord. No. 752.2 § 2) PAR procedures require submittal of documents to the Planning Director followed by at least two weeks of review time, a PAR session, and preparation of a PAR letter within three weeks. Compliance with the PAR procedures forecloses the timelines of fast-tracking. Moreover, the designation of surface mining permits as "the most complex proposals", a Category III proposal, demonstrates that fast-track procedures should be inapplicable to the revised Liberty Quarry Project. Ordinance No. 752 demonstrates that the surface mining permit application of the revised Liberty Quarry Project should undergo *additional*, not condensed, review.

Fourth, the County's ability to certify the original Liberty Quarry EIR after voting to deny the Liberty Quarry Project has likewise been challenged in litigation by De Luz 2000, dba Save our Southwest Hills (SOS), and the City of Temecula. The revised Liberty Quarry project evidently intends to rely on this "certified EIR No. 475" despite its at least questionable legality. Consequently, not only would the County be unsuitably applying fast-track procedures to a surface mining permit, an act of questioned legality, but would also be relying on another questionable act, certification of an EIR with no project approval, to consider the revised Project. These loopholes and amendments passed solely for this Project demonstrate the wholly improper

manner by which any revised Liberty Quarry Project would be considered. The revised Liberty Quarry Project should *not* be awarded fast-track status.

Fifth, the State Mining and Geology Board have not yet had the opportunity to review the amendments to Ordinance 555 and submit comments. Whether the Ordinances permitting fast-tracking of surface mining permits and reclamation plans comply with SMARA has yet to be determined and, even if they may be permitted, changes may be essential to ensure compliance. The County should wait until this review is completed to consider fast-tracking any surface mining permits or reclamation plans.

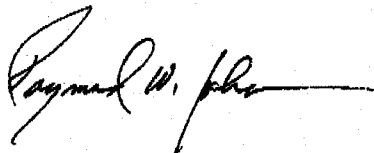
Sixth, given the extensive public outcry against the original Liberty Quarry Project on environmental bases; hours upon hours of public testimony; extensive evidence and documentation submitted by masses of people, groups, and public agencies at all levels; and a final vote *denying* the original Project; it is contrary to all public policies in favor of disclosure and public participation to fast-track the revised Quarry Project. The utter lack of opportunity to comment with a fast-tracked project due to time constraints, and only one Board of Supervisors hearing without the opportunity for notice and a public hearing before the Planning Commission, undermine the policies of the State of California as set forth in CEQA, SMARA, the Ralph M. Brown Act. Moreover, fast-tracking is misleading to the public where a large contingency of those in opposition to the original Liberty Quarry Project may be unaware that a *final vote denying the Project was not final*, and that the Project would return in *a few mere months* to be agendized to swiftly move towards a Board of Supervisors approval. For these reasons, fast-tracking the revised Liberty Quarry Project is reprehensible from a public policy perspective and should be denied.

It is apparent that long-term County practice has been wrongly driven by the Liberty Quarry Project in passing the fast-tracking Ordinances. These Ordinances should not be applied to the revised Liberty Quarry Project. The revised Liberty Quarry project should be reviewed with the thoroughness and diligence accorded projects of similar scope, duration, and potential for environmental effects through the full environmental review process.

For these reasons, and as set forth herein, I ask on behalf of De Luz 2000, dba Save our Southwest Hills (SOS), and Elsinore Murrieta Anza Resource Conservation District (EMARCD) that the Board not award fast-track processing status to the Liberty Quarry Project.

Thank you for your consideration of these comments.

Sincerely,



Johnson & Sedlack
Raymond W. Johnson, Esq. AICP LEED GA

Barton, Karen

From: Chase, Valerie
Sent: Tuesday, November 06, 2012 9:23 AM
To: Barton, Karen
Subject: FW: From the District 3 Website to: General Mailbox

-----Original Message-----

From: District3@rcbos.org [<mailto:District3@rcbos.org>]
Sent: Tuesday, November 06, 2012 9:23 AM
To: District3
Subject: From the District 3 Website to: General Mailbox

WEB FORM SUBMISSION:

SUBJECT: Quarry

PHONE: Your Phone Number

EMAIL: speciolo@pollybutte.net

CITY: Temecula

MSG: Please continue to fight the Quarry! Thank You

STATE: State

FNAME: Bonnie Walsh

Barton, Karen

From: Mike Jurkosky <mikej21@earthlink.net>
Sent: Tuesday, November 06, 2012 8:34 AM
To: COB
Subject: Fast Tracking agenda - Jurkosky Statement

Hello, We can't make the Hearing about the Fast Tracking vote on 11/06/12, but would like our statement to be put on record.

Thank you,

Mike Jurkosky

11/06/12 – FOR THE PUBLIC RECORD; Mike & Susan Jurkosky, 47910 Rainbow Glen Rd., Temecula, Ca. 92590, (760)723-1657 , email mikej21@earthlink.net

Hello, I'm Mike Jurkosky, the closest resident west of the proposed Liberty quarry site.

Our community west of the quarry sight was missed due to an incorrect County Staff report showing our valley as being vacant. In doing so, families and local wells that would be negatively impacted weren't considered in the EIR. The geology of our valley has been incorrectly identified in the certified EIR as well as the inflated sound levels of Granite's report from a distant receptor miles away.

Yet the County's Planning Department found no corrections necessary in the EIR, even though at that point they were made aware of their Staff report blunder.

The Planning Commission hearings uncovered many inaccuracies with Granite's EIR. With so many mistakes, to bypass the Planning Commission or public comments out of the process, is ludicrous, if not criminal.

You don't shoot the messenger for unwanted news.

Shoot the Planning Department for feeding incorrect information to Granite's EIR. Shoot Granite for their biased, shoddy report with the public doing Granite's footwork.

The Planning Commission and the public's input uncovered many inaccuracies that the EIR has missed or dodged.

If I had not spoken at the 2005 scoping meeting, Granite's polluted sediment ponds would still be poised along our blue line stream which replenishes local wells. This is why CEQA desires public comment from the local citizens that are familiar with their neighborhood.

It's very inappropriate to Fast-Track such open pit mines. It's reckless and irresponsible behavior for public officials to jeopardize the surrounding communities and sensitive areas.

What the last 7 years of hearings and DEIR comments, with glossed over responses pulled from a bogus EIR has taught us, is that there's a need for further measures to insure accuracy, not less. It certainly should not be fast tracked as a correctional measure. That's pure lunacy.

Granite has always told us, per their EIR, there would be no negative impacts to our house or our lives. Though NOW, Granite's new application states that there will be negative impacts. They haven't created a new EIR, therefore the certified EIR was unjustly certified.

To cut a deal with Granite to pay for all lawsuits in exchange for a certified EIR, was a sellout, if not corporate extortion. Granite basically bought the board's accountability and their certified EIR.

Thank You,

Mike Jurkosky

Barton, Karen

From: Chase, Valerie
Sent: Monday, November 05, 2012 6:59 PM
To: Barton, Karen
Subject: Fwd: Liberty Quarry Article in the Californian (Includes interestingTavaglione angle)
Attachments: image002.jpg

Valerie Chase
Sent from my iPhone

Begin forwarded message:

From: <NBiddle2@aol.com>
Date: November 2, 2012 11:37:49 AM PDT
To: <NBiddle2@aol.com>
Subject: Liberty Quarry Article in the Californian (Includes interestingTavaglione angle)

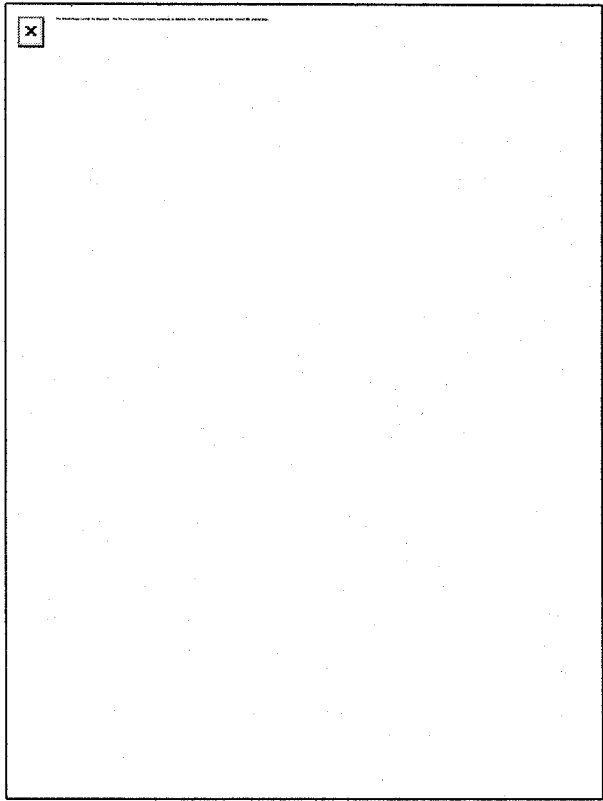
Nothing new here, except for one concept Downey highlights: Benoit is racing the clock before Tava leaves the BOS (hopefully), and liberal Democrat Gov. Brown replaces him with an environmentalist, thereby tipping the vote back to 3-2 against Granite. Benoit/Granite are worried.
NB, Temecula, CA

From: fjbartz@verizon.net
To: cleanairtemecula@verizon.net
Sent: 11/2/2012 7:12:32 A.M. Pacific Daylight Time
Subj: Liberty Quarry Article in the Californian

Never-ending battle goes on: Benoit urges fast track for quarry

**BENOIT PROPOSES PUTTING LIBERTY QUARRY ON FAST TRACK.
SUPERVISOR ASKS THAT REVISED LIBERTY QUARRY PROPOSAL
REVIEW SKIP PLANNING COMMISSION**

Dave Downey • U-T – November 2, 2012



Riverside County supervisor John Benoit.

As expected, a Riverside County supervisor from Palm Springs has formally proposed accelerating county review of Granite Construction's scaled-down Liberty Quarry project on Temecula's outskirts.

Supervisor John Benoit's request will be taken up Tuesday by the Board of Supervisors in Riverside.

"This revised project will further reduce truck trips, associated pollution and degradation of roads throughout much of Riverside County," Benoit stated in a written report to the board. "Additionally, it will create more than 75 new, permanent, fulltime jobs; invest more than \$10 million in land, building and equipment; and generate more than \$25 million in taxable sales annually."

Opponents were anticipating a return of the emotionally charged issue in early November.

"It was not a surprise to us," said Fred Bartz, board member for the Save Our Southwest Hills environmental group. "The never-ending battle goes on."

Approval of Benoit's initiative is anticipated.

In a series of votes setting the stage for his request, the board consistently voted 3-2 to approve preliminary steps to order an ordinance making quarries eligible for fast-track review and then to adopt that ordinance. Approval could deliver a board vote on Liberty Quarry within three months.

"It means the project goes through the rest of the (environmental) review process that it would normally go through without having to go through the Planning Commission," county spokesman Ray Smith said.

Besides bypassing the commission, fast-track approval would give the county 90 days to complete its review and bring the item back to the board, Smith said.

After numerous lengthy hearings, the Riverside County Planning Commission rejected Granite's project 4-1 last year. Supervisors followed that up with a narrow 3-2 rejection in February.

But the trail took a sharp turn in May, when supervisors voted 3-2 to certify Granite's environmental impact report. That report was approved when Supervisor John Tavaglione, who had voted to reject the quarry and who is running for Congress, joined two supporters: Benoit and Supervisor Marion Ashley.

Supervisors Jeff Stone and Bob Buster continued to oppose the project.

Stone has characterized the fast-track march as a race against time — to put the revised Liberty Quarry up for a vote before Tavaglione leaves office — assuming he is elected next week to the House of Representatives from a new Riverside-Moreno Valley district.

The thinking is that Democratic Gov. Jerry Brown, the one charged with filling a board vacancy, would appoint a more liberal supervisor who would be sensitive to environmental issues and vote to kill the project.

What supervisors originally killed in February was a proposed aggregate mine on 135 acres south of Temecula in the rugged hills west of Interstate 15 that was to harvest 5 million tons of rock annually for 75 years.

However, under county rules, a company may resubmit plans by changing a project's scale. Granite exercised that option in July, submitting a plan for a "new" project to mine up to 4 million tons a year instead of 5 million, and quit after 50 years instead of 75.

Granite Construction also threw in a sweetener: a fee paid to the county based on the amount mined.

First unveiled in 2005, the mine is one of the most controversial issues ever to rock Southwest County.

Opponents contend that dust from the mining operation would harm human health and mar mountain views, that trucks hauling aggregate would snarl traffic on Interstate 15, that the mine would foul a site sacred to the Pechanga Band of Luiseno Indians, and that its presence would spoil Temecula's tourism industry.

Supporters contend the mine actually would deliver cleaner air, because there would be tight controls on dust and fewer trucks traveling through Southwest County. Their argument cites forecasts that most of the aggregate would be trucked south to San Diego County. Because the mine's presence would reduce the need to import rock from farther north, such as Corona-area quarries, the region's gravel-carrying trucks would kick up less pollution.

Proponents, including Benoit, also maintain the project would create badly needed jobs for a county with a high unemployment rate.

Bartz begs to differ.

Quoting testimony from an earlier hearing, Bartz said, "Approving additional quarry sites does not bring jobs — demand brings jobs. I think the jobs issue is without merit."

#####

Barton, Karen

From: Harper-Ihem, Kecia
Sent: Monday, November 05, 2012 7:31 PM
To: Barton, Karen
Subject: Fwd: Fast Tracking Liberty Quarry - Agenda Item 3.9
Attachments: 2040_001.pdf; ATT00001.htm; ECONOMIC REPORT JUNE 2011.pdf; ATT00002.htm

Sent from my iPhone

Begin forwarded message:

From: "Betsy Lowrey" <Betsy.Lowrey@cityoftemecula.org>
To: "District1" <district1@rcbos.org>, "District2" <District2@rcbos.org>, "District3" <District3@rcbos.org>, "District4 Supervisor John J Benoit" <District4@rcbos.org>, "District5" <District5@rcbos.org>, "Wagner, Lisa M" <LMWAGNER@rcbos.org>, "Harper-Ihem, Kecia" <KHarper-Ihem@rcbos.org>, "COB" <COB@rcbos.org>, "Executive CEO" <CEO@rceo.org>, "raysmith@rceo.org" <raysmith@rceo.org>
Cc: "Bob Johnson" <Bob.Johnson@cityoftemecula.org>, "Patrick Richardson" <Patrick.Richardson@cityoftemecula.org>
Subject: Fast Tracking Liberty Quarry - Agenda Item 3.9

Good Evening,

Attached, please find the following documents hereby submitted again to the County of Riverside Board of Supervisors for review pertaining to Fast Tracking (Nov. 6, 2012: Agenda Item 3.9)

3.9 SUPERVISOR BENOIT: Award Fast Tracking Processing Status for the Revised Liberty Quarry Project.

1. Article published in The Press Enterprise on October 28, 2012, written by John W. Roth, Riverside County Planning Commissioner, Entitled "Beware Move To Skip Vetting of Quarry, Other Projects"
2. Letter to the Riverside County Board of Supervisors dated September 21, 2012 from Gary Smith, Ph.D., Economist
3. Report entitled "Fast Tracking Liberty Quarry Expedites the High Costs of a Significant Negative Externality Imposed on Southwest Riverside County," dated September 22, 2012, authored by Gary Smith, Ph.D., Economist, with Curriculum Vitae attached
4. Letter to the Riverside County Board of Supervisors dated September 24, 2012, from Peter Thorson, Esq., of Richards Watson & Gershon
5. Letter to the Riverside County Board of Supervisors dated September 10, 2012, from Peter Thorson, Esq., of Richards Watson & Gershon

6. Letter to the Riverside County Board of Supervisors dated September 24, 2012 from Matt Rahn, Ph.D., San Diego State University

7. The Estimated Costs and Benefits of the Proposed Liberty Quarry dated June 2011, co-authored by Manfred Keil, Ph.D. and Gary, Smith, Ph.D., Rose Institute of State and Local Government

Than you,
Betsy Lowrey

Betsy Lowrey
Sr. Management Analyst
City of Temecula
(951) 693-3959
betsy.lowrey@cityoftemecula.org<<mailto:betsy.lowrey@cityoftemecula.org>>
41000 Main St, Temecula, CA 92590

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THE PRESS-ENTERPRISE

Beware move to skip vetting of quarry, other projects

BY JOHN W. ROTH

Published: 28 October 2012 01:00 AM

Does Riverside County need a Planning Commission?

Good question! In view of the Board of Supervisors recent vote to fast track the Liberty Quarry project and avoid further review by the Planning Commission, the answer is: apparently no.

After five lengthy and controversial hearings by local citizens and dueling experts, the commission voted 4-1 to deny the project. There were many reasons for the denial, including the effect on tourism in the city of Temecula, the impact of the operation on current and future experiments conducted in the Santa Margarita Ecological Reserve, the potential long-term health effects of silica dust on residents of the surrounding area, and the destruction of a site sacred to the Pechanga Indian tribe.

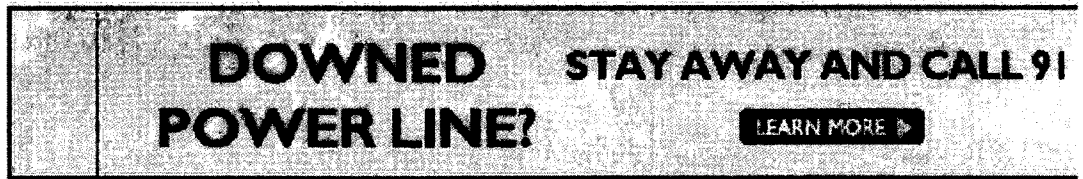
The commission has a lengthy history of detailed review and vetting of large controversial projects, including the Eagle Mountain project to bury trash from as far away as Los Angeles in the old Kaiser Mine pit in the desert. In most cases, the commission's recommendations to the board have been upheld, but in the case of Liberty Quarry, the board first voted 3-2 to uphold the commission's decision to deny the project and then in an abrupt about-face voted 3-2 to certify the Environmental Impact Report (EIR).

This action, and the subsequent decision to fast-track a scaled-down version of the project, effectively removed the issue from further review by the Planning Commission. The apparent rationale was to quickly approve the project in order to create between 200 and 300 direct and indirect jobs in the midst of a brutal economic downturn.

In the final analysis, the number of jobs did not seem sufficient to override the negative effects of the project and the fact that most of the aggregate produced by the mine would be transferred to San Diego County, which, according to the applicant, had no sites that did not have serious drawbacks. So, the only site acceptable to the applicant was the Liberty Quarry site. In determining whether the site was acceptable to any of the local residents, one only had to look to the four points of the compass. To the south, the community of Rainbow was 'dead set against the project. To the west, San Diego State University, operator of the Santa Margarita Ecological Reserve, was solidly opposed to the project. To the north, the city of Temecula opposed the project. And finally, to the east, the Pechanga band of Indians was against the project, which would impact a sacred site.

So, what can we learn from this ongoing saga? If mining projects, and apparently wind farms, are removed from the purview of the Planning Commission, the vetting of these large and potentially controversial projects will be left up to the machinations of the Board of Supervisors. Only the future will tell whether the board may someday decide that the Planning Commission is not necessary for the less-difficult projects and embrace them as the board's own. It is not clear what the future holds, but fast-tracking controversial projects to avoid vetting by the Planning Commission is a step in the wrong direction.

John W. Roth is a member of the Riverside County Planning Commission.



RIVERSIDE COUNTY: Beware move to skip vetting of quarry, other projects

BY JOHN W. ROTH

Published: 28 October 2012 01:00
AM

Does Riverside
County need a
Planning Commission?

A Text Size 

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reasons for the denial, including the effect on tourism in the city of Temecula, the impact of the operation on current and future experiments conducted in the Santa Margarita Ecological Reserve, the potential long-term health effects of silica dust on residents of the surrounding area, and the destruction of a site sacred to the Pechanga Indian tribe.

The commission has a lengthy history of detailed review and vetting of large controversial projects, including the Eagle Mountain project to bury trash from as far away as Los Angeles in the old Kaiser Mine pit in the desert. In most cases, the commission's recommendations to the board have been upheld, but in the case of Liberty Quarry, the board first voted 3-2 to uphold the commission's decision to deny the project and then in an abrupt about-face voted 3-2 to certify the Environmental Impact Report (EIR).

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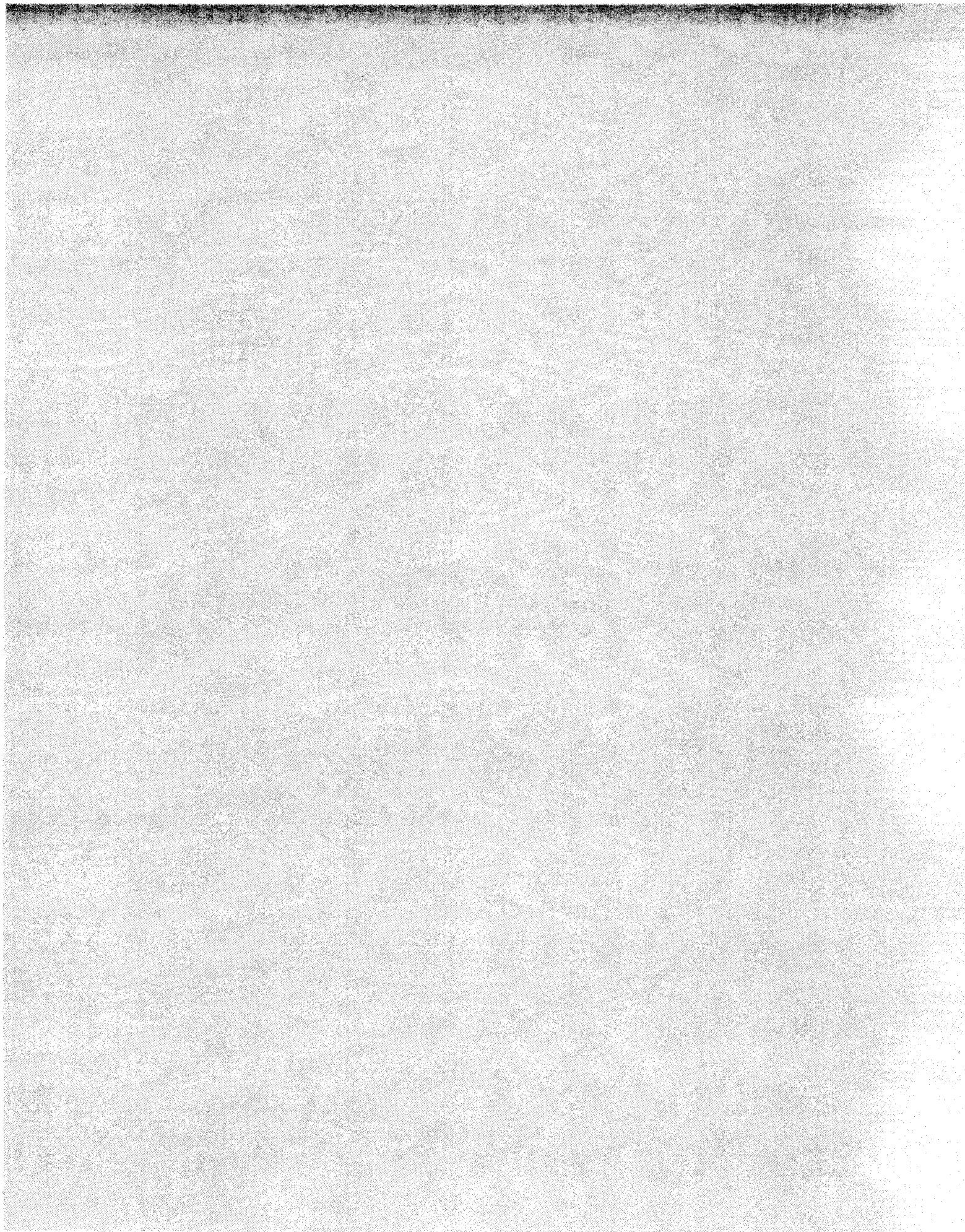
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John W. Roth is a member of the Riverside County Planning Commission.

Comments

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Smith Financial Place

Gary Smith, Ph.D.
127 W. 8th Street
Claremont, CA 91711

September 21, 2012

Hon. John Tavaglione, Chairman
And Honorable Members of the
Riverside County Board of Supervisors
County Administrative Center
4080 Lemon Street
Riverside, California 92502-1646

RE: OPPOSE Liberty Quarry Surface Mining Permit 216 and any County Policy or Ordinance Modifications that would enable Fast Tracking of Surface Mines

Dear Honorable Supervisor Tavaglione and Members of the Board of Supervisors:

I am writing regarding the proposal to fast-track surface mining projects and Granite Construction's revised Liberty Quarry application.

I have been the Fletcher Jones Professor of Economics at Pomona College in Claremont, California, since 1981. My education includes a BS with Distinction in Mathematics and a Masters and Ph.D. in Economics from Yale University. I've attached my Curriculum Vitae for reference.

I presented written analyses and oral testimony proposal to the Riverside County Planning Commission and the Board of Supervisors regarding the original Liberty Quarry including a report that I coauthored that analyzed the economic costs and benefits of Liberty Quarry, *The Estimated Costs and Benefits of the Proposed Liberty Quarry*, dated June 2011, together with the Rose Institute of State and Local Government at Claremont McKenna College (Rose Institute Report). I also authored "*Liberty Quarry: Rhetoric Versus Reality*," dated February 2012. I hereby submit this letter and an additional report entitled *Fast Tracking Liberty Quarry Expedites the High Costs of a Significant "Negative Externality" Imposed on Southwest Riverside County* dated September 22, 2012 and resubmit all of my prior written reports, analyses and testimony that was provided to the Planning Commission and Board of Supervisors for the previously denied Liberty Quarry Surface Surface Mining Permit 213 into the record again for the modified Liberty Quarry application SMP 216 and into the record for the Fast Track Agenda Item 3.56 for the September 25, 2012 Board of Supervisors Meeting that proposes Ordinance modifications to allow Fast Tracking of Surface Mines.

I have reviewed the modified Liberty Quarry application and assessed the economic impacts. The conclusions that were previously provided, including those within the aforementioned reports, analyses and testimonies, are not materially affected by the revised Liberty Quarry application as follows:

- The new tonnage fee of 20 cents/ton (4 million tons max per year equates to \$800K), as proposed by Granite, attempts to offset the lost sales tax revenue that would occur with Liberty Quarry because, unlike existing quarries in Riverside County, the aggregate Granite Construction (owner/operator of Liberty Quarry) would use in its own construction projects would not be taxed and would not generate sales tax revenue to the County. Furthermore, this small fee pales in comparison to the \$50 million - \$150 million in annual economic losses to the region projected in the Rose Institute report.
- The Rose Institute Report that I coauthored assumed a 50-year horizon, as does the revised application.
- The proposed 20 percent reduction in annual production, should it actually occur, would not significantly affect the negative effects of the mining operation on homes values, tourism, and so on.
- It is still the case that Granite's profits do not benefit the Riverside County Region and that jobs and sales tax revenue would be reduced, not increased.
- It is still the case that the projected benefits would be approximately the same and the costs would be substantially lower if the quarry were somewhere else.
- It is still the case that environmental justice calls for the quarry to be sited elsewhere.

I have attached a new analysis that I prepared, "*Fast Tracking Liberty Quarry Expedites the High Costs of a Significant "Negative Externality" Imposed on Southwest Riverside County.*"

Some of the key points are:

- The predictions of future aggregate demand and supply prepared by Granite's consultants are based on assumptions that are grossly inconsistent with the actual 21-year historical production data received from the State Department of Conservation that reports annual production records. There is no critical shortage of aggregate in Riverside County.
- The economic analysis prepared by John Husing, who was hired by Granite Construction ("Granite"), makes the preposterous claim that the Liberty Quarry would have \$171.5 million in annual benefits for Riverside County region but neglects to analyze any costs which purposefully provides a lop-sided economic perspective

- The main purported regional economic benefit presented by John Husing on behalf of Granite Construction is \$149.6 million in annual corporate profits for Granite Construction. At the Planning Commission hearings August 15, 2011, Mr. Husing admitted that it was a "mistake" to count this as a benefit for the Riverside County region. By that time; however, the marketing material had been out for years with these and other exaggerated claims of economic benefits to the region.
- At the Planning Commission hearings, John Husing also admitted that the Liberty Quarry would not increase production or jobs: "All it will change is where the material comes from." The Liberty Quarry would just shift production and jobs from Corona, Elsinore, and other quarries to Temecula.
- If the shift of production would reduce shipping distances, as Granite claims, there would be a net job *loss* for truckers and others involved in the transportation industry. Furthermore, Riverside County sales tax revenue would *decline* if the aggregate produced at Liberty Quarry is used in Granite's own construction projects and is consequently not subject to sales or use tax.
- Mr. Husing's incredible argument that the quarry would have no costs was contradicted by his own testimony before the Planning Commission on August 15, 2011, that, "Environmental justice calls upon growing communities to bear some of the burden of their own expansions." The proposed location of the Liberty Quarry will have many substantial costs and economically harm the region including its growing real estate and tourism industries. The Temecula Valley Convention & Visitors Bureau and the Temecula Valley Chamber of Commerce both oppose the Liberty project.
- Mr. Husing's environmental justice argument further implies that this quarry should be in San Diego County, closer to where most of the product will be used.
- Overall, it would be more truthful to say that, rather than being all benefits and no costs, as Mr. Husing claimed, the proposed Liberty Quarry would be all costs and no benefits.
- The inconsistencies and contradictions in Mr. Husing's testimony before the Planning Commission vividly demonstrated the value of those hearings. Quarry proposals are important decisions that deserve to be fully vetted. The public hearings generated valuable testimony from dueling experts and several Aha Moments for the Planning Commission and Board of Supervisors to consider in their deliberations. The hearings demonstrated that the Commission and Board were seriously weighing the arguments pro and con of a project of this magnitude. All of this would be lost if mining proposals were fast-tracked.

In closing, I would like to remind the Board of Supervisors that, by Granite's own assumptions (and John Husing's testimony), the quarry is NOT going to increase total production, jobs, or sales tax revenue ---just shift production, jobs and sales tax revenue from local quarries to Temecula.

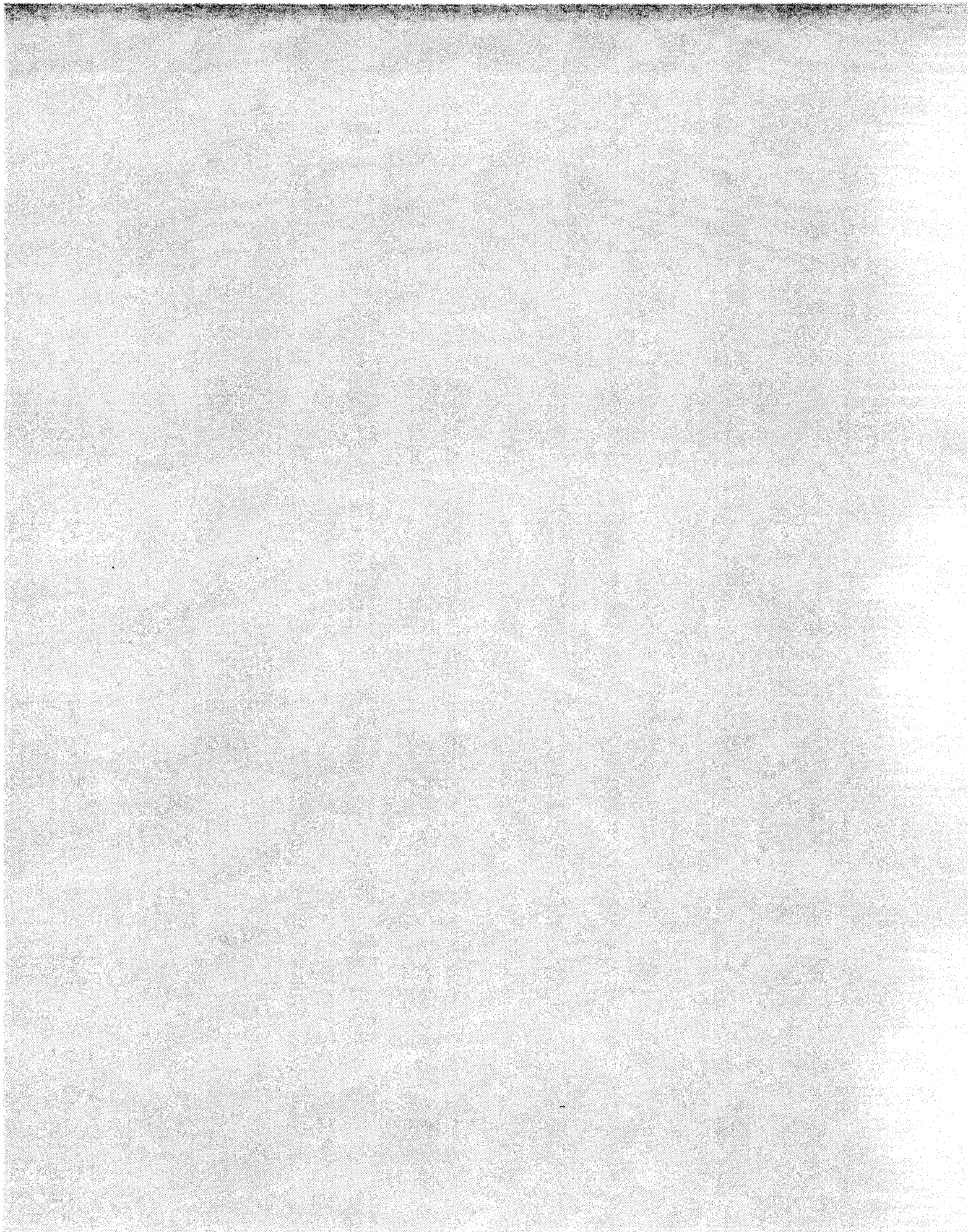
The reason Granite chose the Temecula site is it is as close to San Diego County as they could get without being in San Diego County since it is much tougher to get permitted in San Diego County than Riverside County. By Fast Tracking Mines in Riverside County, your Board will make it even easier for Riverside County residents to be the dumping ground for its neighbors and at a substantial economic cost to your County.

I encourage you to deny any proposed revisions to your existing Ordinances that would facilitate fast tracking any surface mining applications within the County, including Liberty Quarry.

Sincerely,

Gary Smith

Gary Smith, Ph.D.
Smith Financial Place



**Fast Tracking Liberty Quarry
Expedites
The High Costs of a Significant "Negative Externality"
Imposed on Southwest Riverside County**

Board of Supervisors, Riverside County

**Fast-Track Hearings
September 22, 2012**

**By:
Gary Smith, Ph.D.
Fletcher Jones Professor of Economics, Pomona College**

**Smith Financial Place
127 W. 8th Street
Claremont, CA 91711**

A negative externality exists when producers don't take responsibility for their costs which are passed on to society. A company that pollutes loses no money in doing so, but society must pay heavily to take care of the problem pollution caused.

The problem is that companies do not fully measure the economic costs of their actions.¹ Because neither the market nor private individuals can be counted on to prevent this inefficiency in the economy, the government must intervene to weigh the environmental impacts and the economic burden it imposes on society.

The public trusts that the governmental assessment for projects of enormous magnitude that impose significant negative externalities would be given, at a minimum, a standard level of planning review. In the case of "New" Liberty Quarry Project², the County of Riverside proposes to eliminate steps in its planning review and expedite an approval of a massive quarry operation. The expedited process would remove the Planning Commission review altogether and reduce the amount of valuable testimony and information that experts can provide to help the Government adequately assess the impacts to make the best decision.

There are two separate issues: a) whether quarry proposals, in general, should be fast-tracked (which speed up the process and eliminate Planning Commission review and public hearings); and (b) whether the Liberty Quarry proposal should be approved. Let's look at the general question first.

Fast-Tracking Quarries

Whether to permit a quarry that would produce millions of tons of aggregate over many decades is not a trivial decision. It is a huge decision with serious implications for current and future generations. And it is not reversible. Unlike a store or warehouse that can be used for other purposes or torn down, we cannot put a mountain back together after it has been destroyed. It is critical that the right decision is made. The way to do that is for the Riverside County Planning Commission (Planning Commission) and the Riverside County Board of Supervisors (Board of Supervisors) to listen to experts and decide which arguments make the most sense. You can't do that with fast-tracking.

I listened to the expert economic testimony at the public hearings and there were several "**Aha Moments**" that never would have occurred if this proposal had been fast-tracked, and won't occur in the future if quarry proposals are fast-tracked. That is because experts, especially those independent of the project applicant, are currently able to provide testimony to two approval bodies during the standard practice of planning review which includes (1) the Planning Commission and (2) the Board of Supervisors. Fast Tracking; however, cuts the expert participation in half by eliminating the Planning Commission.

¹ <http://library.thinkquest.org/26026/Economics/externality.html>, accessed 9/21/12.

² The "New" Liberty Quarry project application submitted to the County of Riverside by Granite Construction on July 25, 2012 is a substantially similar mining project proposal as the "Original" Liberty Quarry project that was previously denied by the County of Riverside Planning Commission on August 31, 2011 and again denied at the County of Riverside Board of Supervisors on February 16, 2012.

Predicting the Demand for Aggregate in Southern California

John Husing, economist hired by Granite Construction (Granite), the owner/operator of the proposed Liberty Quarry, wrote a report entitled, *Liberty Quarry: Economic Impact on Riverside County and Its Southwest Area*, dated February 2007 (Husing Report), that predicted the future demand for aggregate based on an **assumed** per capita consumption of 7.0 tons per year; an assumption the Report called "conservative."³ The EnviroMINE report commissioned by Granite uses low, medium, and high values of 4.0, 5.4, and 6.7 tons per capita per year.⁴

In reality, the very same data sources used by EnviroMINE for the exact same geographic area⁵ show that over the 21-year period, 1990 through 2010, Southern California aggregate per capita averaged only 3.9. Granite's 7.0 and 5.4 numbers are higher than Southern California consumption has ever been during the past 21 years, and much higher than both the historical average and the level in 2007 when these reports were written.

The response by Gary Johnson, Liberty Quarry's Project Manager, was that their numbers come from the California Department of Conservation (DOC). This is not true. Granite's 5.4 and 7.0 numbers are *assumptions*, not data. The actual DOC data are in Figure 1 and contradict Granite's assumptions.

The Aha Moment was the realization that Granite's written reports were misleading because they were not based on historical data.

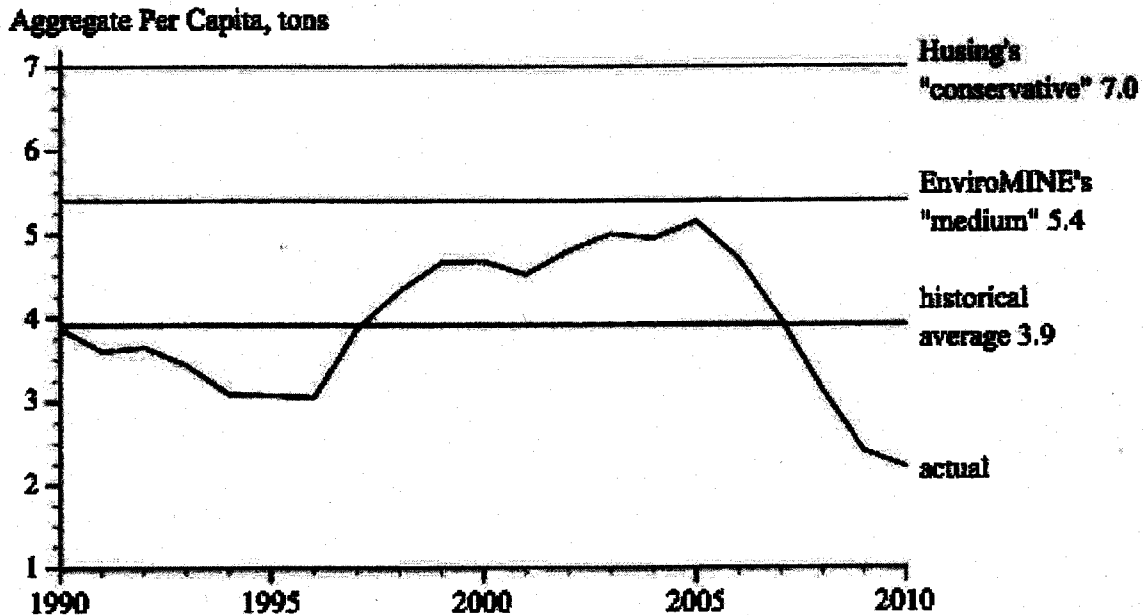


Figure 1 Southern California Annual Aggregate Per Capita, 1990–2010

³ Husing, J. (2007). "Liberty Quarry: Economic Impact on Riverside County & Its Southwestern Area," February 13, p. 11.

⁴ EnviroMINE, *Southern California Construction Aggregates Market Study*, Liberty Quarry EIR Appendix N, pp. 10 - 11.

⁵ EnviroMINE, *Southern California Construction Aggregates Market Study*, Liberty Quarry EIR Appendix N, p. 12.

Predicting the Supply of Aggregate

The EnviroMINE report commissioned by Granite argued that 19 Riverside mines will soon be depleted, based on an assumed production of 34.7 million tons annually at these 19 mines.⁶ Again, EnviroMINE ignored the actual data and instead used an inflated assumption.

The DOC data in Figure 2 show that total production at *all* Riverside County mines has never been 34.7 million tons and, in fact, averaged only 19.2 millions tons from 1990 through 2010. Total production in 2007 (the year the EnviroMINE report was done) from *all* 53 mines operating in Riverside County was only 22.1 million tons.

Mr. Johnson's response was again that their numbers come from the DOC. Again, this is not true. Granite's 34.7 number is an *assumption*, not data. The actual DOC data are in Figure 2 and contradict Granite's assumption.

The Aha Moment is again that Granite's report was misleading because it was not based on historical data.

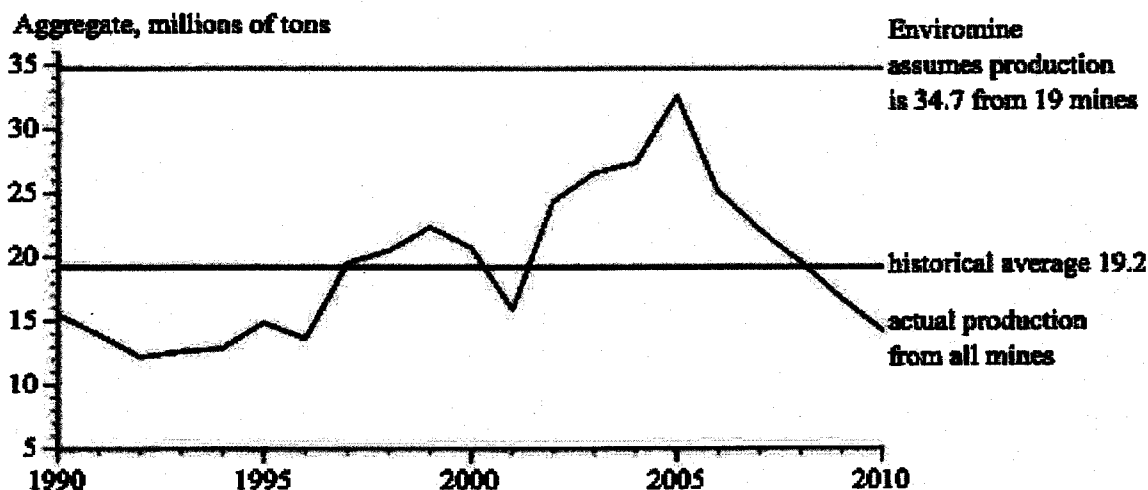


Figure 2 Riverside County Aggregate Production, 1990–2010

Another problem with the EnvironMINE report was exposed at the public hearings. The data on permitted reserves in the California Department of Conservation's decennial 1991 and 2002 reports include *all* aggregate.⁷ This is **the same definition of aggregate** used by the California Department of Conservation in its annual production reports, used by EnviroMINE in its analysis, and used here in Figure 1 to calculate annual per capita production and in Figure 2 to calculate annual Riverside County production.

However, in its depletion projections, EnviroMINE cites reserve data from a 2006 report by the California Department of Conservation, despite the fact that page 1 of this report states in bold

⁶ EnviroMINE, *Southern California Construction Aggregates Market Study*, Liberty Quarry EIR Appendix N, p. 37.

⁷ Davis, J. (1991). "Mineral Classification of the Temescal Valley Area, Riverside County, California, Department of Conservation, Division of Mines and Geology; Kohler, S. (2002). "Aggregate Availability in California," Department of Conservation, California Geological Survey.

letters that aggregate is “defined for this report as alluvial sand and gravel or crushed stone that meets standard specification for use in portland cement concrete (PCC) or asphalt concrete (AC).⁸ This is a narrower definition of aggregate than is used in the 1991 and 2002 DOC reports and in the DOC’s annual production data.

For example, the 1991 DOC report estimates that the Temescal Valley has 924 million tons of permitted aggregate and the 2002 DOC report estimates that the Temescal Valley has 810 million tons. The 2006 DOC report estimates that the Temescal Valley has 355 million tons of PCC and AC aggregate. Reserves did not fall by 455 million tons in four years! All that happened is that the 2006 DOC report used a narrower definition.

In the Temescal Valley example, permitted reserves of *all* aggregate declined by 10.4 million tons a year between 1991 and 2002, from 924 million tons to 810 million tons. At this rate, the Temescal Valley has enough permitted reserves to last $810/10.4 = 78$ years past 2002—which is 68 years past today.

Again, this inconsistency in the EnviroMINE report was exposed at the public hearings. This **Aha Moment** was the revelation that EnviroMINE’s prediction of an impending critical shortage of aggregate was seriously flawed.

The Economic Benefits

The economic report that John Husing prepared for Granite made the preposterous claim that the proposed Liberty Quarry would have \$171.5 million in annual benefits and *no* costs!

The main purported benefit was \$149.6 million in annual profits that Granite would make each year. This astonishing profit explains why Granite is so eager to get this project permitted, but Granite’s profits are NOT a benefit for the residents of Riverside County.

When John Husing spoke before the Planning Commission on August 15, 2011, he admitted that Granite’s \$149.6 million annual profit is not a benefit and he should not have counted it as such:

“I estimate that it brings into this region \$149.6 million in *energy*. And that energy would be quite real. Now there is a separate question, and that is *benefit*. How much of that energy benefits the people who live within this region? Different question. There the answer coming out of my work is \$21.9 million, and the rest of the energy really accrues to other places, mostly in the State of California. There was a mistake in my work which I grant, that the two numbers should not have been added together because they are different concepts.”

This admission was an **Aha Moment** that never would have happened with fast-tracking. In his public testimony, John Husing admitted that the \$149.6 million number that figured so prominently in his report was not a benefit for Riverside County and should not have been counted as a benefit. This never would have happened if John Husing had not testified before the Planning Commission.

⁸ Kohler, S. (2006). “Aggregate Availability in California,” Department of Conservation, California Geological Survey, p. 5.

What about the remaining \$21.9 million? The \$21.9 million in projected benefits that John Husing refers to is mostly premised on an assumption that "up to" 99 jobs would be created. However, another **Aha Moment** occurred at the Planning Commission hearings on August 15, 2011, when John Husing argued that,

"It is not demand that is increased by a quarry, it is the supply. Whether or not you have this facility, the demand is the demand. All it will change is where the material comes from."

John Husing was discussing truck traffic and evidently did not realize that his argument implies that Liberty Quarry would have *no* effect on the total demand for aggregate and, therefore *no* effect on the total production of aggregate. Every ton produced at Liberty would mean one less ton produced at another quarry.

This needs to be repeated because Granite's argument that the Liberty Quarry will create jobs and increase tax revenue is directly contradicted by its own expert testimony! "All it will change is where the material comes from." There would be NO increase in production or in jobs, just a transfer of production and jobs from other quarries to Liberty. There will be NO increase in sales tax revenue, just a transfer from other quarries to Liberty.

In fact, if the shift of production did reduce shipping distances, as Granite claims, there would be a net job *loss* for truckers and others involved in the transportation industry.

Furthermore, Riverside County sales tax revenue would actually *decline* if the aggregate produced at Liberty Quarry is used in Granite's own construction projects and is consequently not subject to sales or use tax.

Another **Aha Moment** occurred when John Husing presented a PowerPoint slide showing that of the \$153.2 million in aggregate that would be produced annually at the Liberty Quarry, only 65% would be subject to sales tax, presumably because the other 35% would be used in Granite's own construction projects. Using a 1% sales tax and 0.5% RCTC sales tax, Mr., Husing calculated that the annual sales tax revenue from the quarry would be $0.015(0.65)(\$153.2 \text{ million}) = \1.5 million . What John Husing neglected to mention is that the County would simultaneously be losing tax revenue from the reduced production at *other* Riverside County mines. Since these other mine operators do not use the aggregate they produce in their own construction projects, the lost revenue would be the 1.5% sales tax on 100% of production: $0.015(\$153.2 \text{ million}) = \2.3 million . On balance, the County would lose $\$2.3 \text{ million} - \$1.5 \text{ million} = \$800,000$ in sales tax revenue each year.

The proposed Liberty Quarry would take sales away from existing quarries in Western Riverside County and, overall, it would reduce jobs and sales tax revenue. None of this would have been revealed if the proposal had been fast-tracked without Planning Commission hearings.

Costs

The Husing Report claims that the proposed Liberty Quarry would have no economic costs. If the proposal had been fast-tracked, this astonishing claim would not have been debated by experts. The Report unconvincingly ignores increased driving costs, reduced property values, reduced tourist activity, damaged agricultural crops, increased health costs, public emergency services, and a diminished quality of life. Calculating all the benefits and costs associated with the proposed Liberty Quarry, the Rose Institute report estimates that the total *cumulative* costs over the projected life span of the quarry would be \$4.6 billion.⁹

Housing

Most of the expert testimony about the costs concerned housing. The Wheeler's Report commissioned by Granite argued that:

“there is a direct, positive correlation between the growth and magnitude of the regions' property values and the level of activity among the quarry operations in the regions.”¹⁰

The implication that quarry operations increase property values is laughable and an **Aha Moment** came at the Planning Commission hearings when John Husing and Mr. Johnson both disassociated themselves from this argument.

Instead, in his Planning Commission testimony on August 15, 2011, John Husing argued that quarries have *no* effect on property values, as evidenced by data showing that home prices in Corona (which has several quarries) and Temecula have generally moved up and down together in recent years.¹¹

The counterargument is that a comparison of *changes* in homes prices in Corona and Temecula is irrelevant. The fact that property values in Corona and Temecula have both increased over time tells us nothing about whether the price *levels* are lower for homes located near quarries.

The Aha Moment was the presentation of the results of Diane Hite's 2006 study of 2,812 home prices in Delaware County, Ohio.¹² By controlling for a variety of factors including square footage, lot size, number of rooms, number of bathrooms, age of home, and sale date, she was able to estimate how home prices were affected by proximity to a gravel mine. Table 1 shows her results.¹³

⁹ Manfred Keil and Gary Smith, “The Estimated Costs and Benefits of the Proposed Liberty Quarry, Rose Institute of State and Local Government, June 2011.

¹⁰ Wheeler's Market Intelligence, Analysis of Potential Impacts of Liberty Quarry on the Tourism Industry and Property Values in Temecula, California, January 2011, page 4.

¹¹ However, in a newspaper interview, Husing admitted that, “Maintaining the land as open space would limit the amount of new development, driving up property values. (Aaron Claverie, “City-Financed Study Contradicts Quarry's Alleged Benefits,” *The North County Times*, July 10, 2011.)

¹² Diane Hite, 2006. “Summary Analysis: Impact of Operational Gravel Pit on House Values, Delaware County, Ohio,” Auburn University.

¹³ Ready, Richard C, “Do Landfills Always Depress Nearby Property Values?,” *Journal of Real Estate Research*, 2010, 32, 321-340.

Table 1 Yes, Quarries Reduce Property Values

Distance from Quarry	Drop in Property Values
0.5 miles	20%
1.0 miles	15%
2.0 miles	9%
3.0 miles	5%
4.0 miles	2%
5.0 miles	0%

The Hite study was used to predict how property values would be affected by the proposed Stoneco Gravel Mine in Richland, Michigan (115-120 truckloads of gravel per day)¹⁴ and the proposed Rockfort Quarry in Ontario, Canada (an average of 1.5 million tons per year over a 30-year period).¹⁵ The Stoneco Application was withdrawn in 2007 and the Rockfort Quarry application was denied in 2010.

Environmental Justice

At the Planning Commission hearings on August 15, 2011, John Husing brought up an issue that was not mentioned anywhere in his written report: environmental justice. In his oral presentation, he argued forcefully that,

“What is the issue truly all about? Why are we all here? Why is it so intense? And I would suggest that the answer to that is really differing views of what is termed (as a term of art) environmental justice.”

He continued:

“If you look at the document coming from Rose, they make the following observation: ‘Many of the projected benefits from the quarry would be approximately the same in other locations, but the costs would be substantially lower if the quarry were located not so close to a thriving community.’ And that is, I suspect, the point of view of great number of people that are in this room.”

John Husing argued that the quarry should be located in Temecula because,

“Environmental justice calls upon growing communities to bear some of the burden of their own expansions.”

Many people in the audience were dumbstruck. Most of the aggregate that would be produced at the Liberty Quarry would go to San Diego County. By Husing’s own argument, shouldn’t the quarry be located in San Diego County, so that they would bear the burden of their expansion? Why should a less wealthy county, Riverside County, save San Diego County, a wealthier county, from the impacts of a megamine?

¹⁴ George A. Erickcek, 2006. “An Assessment of the Economic Impact of the Proposed Stoneco Gravel Mine Operation on Richland Township,” W.E. Upjohn Institute for Employment Research.

¹⁵ The Centre for Spatial Economics, 2009, “The Potential Financial Impacts of the Proposed Rockfort Quarry.”

John Husing's testimony provided yet another **Aha Moment** because a quarry's "burden," as he described it, is an explicit admission that, contrary to his written report, quarries *do* have costs!

At the conclusion of John Husing's testimony on August 15, 2011, Commissioner Petty asked John Husing about the obvious implication of his environmental-justice argument:

"What is fascinating to me is your argument about environmental justice.... Why is this project then in Temecula?... Isn't San Diego County using Temecula for the exact same reason that you have environmental justice lawsuits?... So what you're saying is that, so that the streets of La Jolla can be repaved, we need to have Temecula suffer so that Corona suffers less?"

John Husing replied:

"I am not disagreeing with what you just said. If we were sitting having a hearing in San Diego about not opening facilities in San Diego, the logic I'm using is identical. I agree with you."

This was another **Aha Moment** that never would have happened if the project had been fast-tracked without Planning Commission hearings.

The first environmental-justice **Aha Moment** occurred when John Husing admitted that quarries are a burden on the neighboring community. The second **Aha Moment** occurred when John Husing said that environmental justice called for quarries to be located near where the aggregate is used [in the case of Liberty Quarry, it should be San Diego County!] The **Third Aha Moment** occurred when John Husing acknowledged that if the proposed Liberty Quarry were in San Diego County, he would have argued that environmental justice called for the quarry to be located there.

The Bottom Line

Quarry proposals are important decisions that deserve to be fully vetted. The Planning Commission hearings generated valuable testimony from experts and several **Aha Moments**.

Some members of the Planning Commission and Board of Supervisors found Granite's (economic and noneconomic) arguments persuasive; most did not. No matter which way they voted, I hope that everyone agrees that the testimony of the experts gave the Planning Commission and Board of Supervisors useful information to consider in their deliberations. Perhaps more importantly, the hearings demonstrated to the public that the Commission and Board were seriously weighing the arguments pro and con. All of this would be lost if mining proposals were fast-tracked.

Table 2 Would These Claims and Counter Arguments Have Been Fully Vetted With Fast-Tracking?

Granite Construction	Counter-Argument
Southern California's annual demand for aggregate is 5.4 - 7.0 tons per capita.	Actual Southern California demand has averaged 3.9 tons per capita.
19 Riverside County mines will soon be depleted because they produce 34.7 million tons per year.	Total annual production from <i>all</i> Riverside County mines has averaged 19.2 million tons.
Permitted aggregate reserves of aggregate in the Temescal Valley fell from 810 million tons in 2002 to 355 million tons in 2006.	The 2006 interim report used a narrower definition of reserves. Using the more comprehensive 1992 and 2002 DOC reports, the Temescal Valley has enough permitted reserves to last another 68 years.
Riverside County benefits from the Liberty Quarry would include \$149.6 million in Granite profits.	Granite's profits do not benefit Riverside County.
Riverside County benefits from the Liberty Quarry would include up to 99 jobs at the Quarry.	Total production and employment will not increase, just shift from other mines to Liberty.
Riverside County benefits from the Liberty Quarry would include more sales tax revenue.	Tax revenue will decline because aggregate used by Granite Construction will not be subject to sales or use tax.
Quarries have either no effect or a positive effect on property values.	Quarries have a negative effect on property values.
Quarries have no economic costs.	Quarries affect tourism, agriculture, commuting times, etc.
"Environmental justice calls upon growing communities to bear some of the burden of their own expansions."	Then the quarry should be in San Diego County.

Liberty Quarry Should Be Denied

The proposed new Liberty Quarry project is substantially similar as the originally denied Liberty Quarry, as are the negative impacts and economic costs. The role of the government is to compel companies to internalize externality costs. This means that if a company's pollution creates economic costs, then the government should require the company to pay that cost.¹⁶ Sometimes costs cannot be repaid for permanent impacts such as the obliteration of the Luisefio Indian Creation area. Other costs are also irreversible such as the impacts to the watershed or the certain premature death of people due to increased air pollution. A way to solve the negative externality problem is to tax the producer the amount of the negative externality; however, sometimes projects are too detrimental and its externality costs too high that the best alternative is to deny the project altogether. The Planning Commission held extensive hearings and voted 4-1 to deny the proposal. The Board of Supervisors held additional hearings and voted 3-2 to deny the proposal. I suspect that everyone, even Gary Johnson, knows in his or her heart that a wind tunnel leading to the Temecula Valley, among many other problems with that particular location, is the wrong place to dig a quarry.

The only reason Granite chose this site is that two-thirds of the aggregate will go to San Diego County and it is very difficult to get permitted in San Diego County. Temecula is as close to San Diego County as they could get without being in San Diego County.

Earlier this year, the pro-business *Press-Enterprise* came out against the Liberty Quarry proposal. Their complete editorial is in the Appendix and summarizes the main arguments of the experts. I urge you to read it again.

Their conclusion is succinct and on target:

The proposed Liberty Quarry near Temecula is a case of a promising project in the wrong location.... [T]he arguments for the quarry are insufficient to justify a hilltop site surrounded by a tribal reservation, an ecological preserve and a city of more than 101,000 people. Nor should anyone be comfortable with the prospect of a sensitive swath of Riverside County shouldering the burdens of a mine that mainly would serve San Diego County needs....

Riverside County should not chase business away, certainly. But the need for jobs and commerce should not mean abandoning careful planning. Quarries are necessary operations for a growing region — but only if the site makes sense.¹⁷

The new Liberty Quarry proposal is only a slightly modified version of the original proposal and still does not address the fundamental problem. It is in the wrong place!

¹⁶ <http://corporationsandhealth.org/2012/09/19/the-public-health-consequences-of-externalities>, accessed 9/21/12

¹⁷ Editorial, *The Press-Enterprise*, "RIVERSIDE COUNTY: Re-site quarry," February 5, 2012.

Appendix 1

"Riverside County: Re-site Quarry," *The Press-Enterprise* editorial, February 5, 2012

The proposed Liberty Quarry near Temecula is a case of a promising project in the wrong location. The quarry proponents have not made a convincing case that the potential benefits of the mine in this spot outweigh the drawbacks to the nearby region. So Riverside County supervisors should uphold the Planning Commission's rejection of the quarry plans.

Granite Construction Company proposes to put a 135-acre mine on a 414-acre site south of Temecula and west of Interstate 15, just north of the San Diego County line. The Liberty Quarry would produce aggregate, a type of rock used in construction materials such as cement and asphalt. But neighbors of the proposed mine site, including the city of Temecula and the Pechanga Band of Luiseño Indians, adamantly oppose the project.

The county Planning Commission rejected the quarry proposal last year after five public hearings and nearly 52 hours of testimony. The company appealed that decision to the Board of Supervisors, which could make a decision on the issue on Monday.

Opposing the quarry location is not an easy call. The Press-Enterprise editorial board generally supports business growth and grasps the need for a sufficient source of building materials. The editorial board met with a range of stakeholders in the issue, and understands the concerns on all sides. And much of the discussion is a debate between dueling expert testimony that offers contradictory analyses of the need for and effects of the quarry.

On balance, however, the arguments for the quarry are insufficient to justify a hilltop site surrounded by a tribal reservation, an ecological preserve and a city of more than 101,000 people. Nor should anyone be comfortable with the prospect of a sensitive swath of Riverside County shouldering the burdens of a mine that mainly would serve San Diego County needs: Granite says two-thirds of the materials from the quarry would go to construction south of the county line.

The demand for necessary building materials does not offer a convincing justification for the proposed site. The region will need more sources of aggregate in the future, but just how much and how soon is a subject of dispute. Granite and Temecula officials, for example, offer competing analyses of the immediacy and need. But even a pressing shortage does not mean that the proposed quarry site is the right solution. The long-term projections assume no other new sources open up, which seems unlikely. And the Temecula location is hardly the only spot in the region where such rock exists.

Nor are the potential economic benefits of the quarry persuasive. The quarry's study points to a more than \$200 million boost to the economy from the project by 2021, and hundreds of millions in new government revenue over the 75-year life of the mine. Yet a competing study says the quarry will result in a cumulative \$3.6 billion cost to the region over the next 50 years — leaving residents to guess at which figure is right.

Jobs also are not a reason to push ahead with the current plan. Granite says the quarry will create 99 jobs on site and another 178 related jobs elsewhere. Jobs are welcome, given the region's high unemployment levels. But there is no guarantee those would be new jobs, and not workers shifted from elsewhere. Nor is there any certainty those would go to local residents.

Riverside County should not chase business away, certainly. But the need for jobs and commerce should not mean abandoning careful planning. Quarries are necessary operations for a growing region — but only if the site makes sense.

Appendix 2

"No need for fast track on quarry," *The Californian* editorial, August 7, 2012

That Granite Construction has reintroduced its proposed Liberty Quarry in a slightly modified form is no great surprise. The company, after all, invested a small fortune in developing site and business plans for the proposed quarry, and stands to simply lose those investments if it never opens.

But the fact that the Riverside County Board of Supervisors has voted to consider fast-tracking the new quarry application is not only a surprise, but is a disappointment. It's not even been six months since the county denied Granite's previous application, in the face of vociferous opposition from area residents and the Pechanga community. Considering the testimony before last week's fast-track vote and a recent lawsuit filed by Temecula, it's clear that the opposition remains as strong as ever.

To be honest, Granite's revised application does not strike us as significantly different from what the Board of Supervisors denied earlier this year. It has revised downward the amount of materials to be mined from the quarry, and shortened its projected lifespan ---- but either of these parameters could be easily altered in future years, bringing the quarry back to the same conditions so recently rejected.

Given the continuing opposition and the lack of appreciable reworking on the application, there was no apparent reason for the Board of Supervisors to consider fast-tracking this second application ---- leading to the appearance that it is being done simply to reduce opportunities for residents to be heard. If the application is fast-tracked, Granite's proposal will completely skip the county Planning Commission on an expedited approval schedule.

The logic behind the fast-track process here is difficult to discern. If the new proposal is significantly modified from what was rejected, as Granite claims, then certainly this new proposal is in need of a full application process ---- including hearings before the Planning Commission. And such a radically new proposal, one that justifies overruling the earlier rejection, will surely need a new environmental impact report.

On the other hand, if the proposal is so similar to the one already considered by the county that new hearings are unnecessary ---- the inherent argument for fast-tracking ---- then it seems to us that a new vote should also be unnecessary.

Curriculum Vitae

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Associate Professor, University of Houston, and Visiting Associate
Professor, Rice University, 1978-1981
Fletcher Jones Professor, Pomona College, 1981-

Honors and Grants: Woodrow Wilson Fellowship, 1967-68
Yale University Fellowships, 1968-1971
Social Science Research Council Grant, 1973
Yale Junior Faculty Fellowship, 1978
Stanford Research Institute Grant, 1978-79
Pew Foundation Grant, 1991
Pomona College Wig Teaching Awards, 1992, 1998
Ford Foundation grants, 1994, 1995
NSF grant for an economics computer lab, 1995-97.
Mellon Foundation Grant, 1996
Irvine Foundation Grants, 1996, 1997
Sontag Fellowships, 1996-97, 1997-99, 1999-2001, 2001-03
Haynes Foundation Grants, 1998, 2001, 2002, 2006

Refereed Papers:

"Comments on the FRB-MIT Model," in *The Brookings Model: Perspective and Recent Developments*, Gary Fromm and Lawrence Klein, editors, Amsterdam: North-Holland, 1975, 568-572.

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A Banking Game: students manage a bank in competition with three computer-managed banks.

Financial Decision Simulation: the simulation model used in Economics 158, Financial Decisionmaking; student teams manage competing financial intermediaries in real historical scenarios.

Macro Policy Simulation: the simulation model used in Economics 101, Intermediate Macroeconomics; student teams manage a nation's monetary and fiscal policies.

Smith's Financial Package: extremely user-friendly computational software for Economics 156, Security Valuation and Portfolio Theory; also includes programs that can be used for personal financial planning.

Smith's Statistical Package: extremely user-friendly computational software for Economics 57, Economics Statistics.

StatGames: computer games that help students develop their statistical reasoning.

StatQuiz: interactive multiple-choice questions to help students test and refine their statistical reasoning.

September 24, 2012

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Re: Proposed Action to Place Surface Mines into the County's Fast Track Program
(Item 3.56 September 25, 2012 Agenda)

Honorable Chairman and Members of the Board:

The City of Temecula urges you to vote **NO** on the proposed motion included in Item 3.56 on your September 25, 2012 Agenda, which would introduce ordinances to amend the Zoning Ordinance to add surface mines to the County's Fast Track program.

Apart from the important public policy considerations supporting continued public participation in the County's consideration of surface mines, approval of the proposed amendments to Ordinance No. 348 and Ordinance No. 555 is simply illegal for three primary reasons:

1. Amendments to Ordinance No. 348, the Zoning Ordinance, and Ordinance No. 555, the Surface Mining Ordinance, require noticed public hearings before both the Riverside County Planning Commission and the Board of Supervisors.
2. The County of Riverside does not have authority under State law to pick and choose which projects will be exempt from Planning Commission review in the Fast Track program.
3. The Board has failed to comply with CEQA in exempting the proposed amendments because it has not prepared and reviewed an initial study establishing the exemption to CEQA proposed by Staff.

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I. Amendments to Ordinance No. 348, the Zoning Ordinance, and Ordinance No. 555, the Surface Mining Ordinance, require noticed public hearings before both the Riverside County Planning Commission and the Board of Supervisors.

The proposed action would introduce an ordinance amending Ordinance No. 348, the County's Zoning Ordinance, and introduce an ordinance amending Ordinance No. 555, the Surface Mining Ordinance. As amendments to Riverside County's Zoning Ordinance and the ordinances governing regulation of the use of land for surface mines and natural resources, Government Code §§ 65854-65858 and CEQA Guidelines § 15378(a)(1) require that the County analyze the amendments' environmental impacts, prepare the necessary CEQA documents, hold public hearings before the Planning Commission, and hold public hearings before the Board of Supervisors before these ordinances can be introduced.

The County has scheduled the introduction of these ordinances for the Board of Supervisors meeting September 25, 2012, however, no public hearing has been held before the Riverside County Planning Commission on these ordinances and no public hearing is scheduled for the Board of Supervisors on these ordinances.

Government Code Section 65033 clearly and unequivocally establishes the vital role of public participation in the planning process:

“65033. The Legislature recognizes the importance of public participation at every level of the planning process. It is therefore the policy of the state and the intent of the Legislature that each state, regional, and local agency concerned in the planning process involve the public through public hearings, informative meetings, publicity and other means available to them, and that at such hearings and other public forums, the public be afforded the opportunity to respond to clearly defined alternative objectives, policies, and actions.”
[Emphasis added.]

Government Code §§ 65853-65856 further implement this policy by requiring planning commissions to hold a public hearing prior to the hearing on zone code amendments before a Board of Supervisors approves the amendment.

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The planning commission hearing is so critically important that Government Code § 65856 specifically requires "receipt of the recommendation of the Planning Commission" prior to the Board of Supervisors' public hearing regarding the zoning amendment. Not only must the Planning Commission hold a public hearing prior to the September 25th Board of Supervisors' meeting, but "[s]tatutory 10-day notice of the legislative body's hearing must be given after the planning commission's recommendation has been received and must include the planning commission's recommendation as part of the general explanation of the matter to be considered" as well. *Environmental Defense Project of Sierra County v. County of Sierra*, 158 Cal. App. 4th 877, 893 (2008).

Approval of the amendment to Ordinance No. 348 and Ordinance No. 555 without a public hearing before the Riverside County Planning Commission, and another public hearing before the Board of Supervisors following the Planning Commission hearing, will invalidate the proposed amendments.

II. The County of Riverside does not have authority under State law to pick and choose which projects will be exempt from Planning Commission review in the Fast Track program.

Further, we question the County's legal authority to use the fast track process for any project, let alone surface mining. The Government Code requires public hearings before the Board of Supervisors and a "planning agency" as discussed above. Government Code § 65100 provides that the Planning Agency can be the Board or the Planning Commission or a hearing officer.

This Government Code section does not, however, authorize the Board to pick and choose on a case by case basis those specific projects that it wants to send to the Planning Commission and which ones it does not. This is especially true where the Board has delegated the decision of what projects may or may not go on fast track to a non-elected County official, the Executive Director of the County Economic Development Agency. There may have been some limited authority for this process under redevelopment, but redevelopment is dead and whatever limited authority may have existed under redevelopment is now gone as well.

The courts view the Planning Commission's review of land use projects and zone code amendments as an extremely important public right and a vital part of the land use review process established by the Legislature.

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The Planning Commission highlights the role and significance of public comment. Ignoring the obligation to present the amendments to Ordinance No. 348 and Ordinance No. 555 to the Planning Commission as well as the Fast Track process itself will strip the public of this substantive right to review and comment on the proposed ordinance amendments. *See California Native Plant Society v. City of Santa Cruz*, 177 Cal. App. 4th 957, 987 (2009) ("the omission of required information constitutes a failure to proceed in the manner required by law where it precludes informed decisionmaking by the agency or informed participation by the public.").

Additionally, the courts hold that a county or a city cannot bypass the Planning Commission through use of a "streamlined zoning process" without first receiving the Planning Commission's recommendation. *Environmental Defense Project of Sierra County v. County of Sierra*, 158 Cal. App. 4th 877, 881 (2008); *see also Scrutton v. Sacramento County*, 275 Cal. App. 2d 412, 420 (1969) (where proposed contract exacted by county declares that landowner's breach of covenant will be met by automatic reversion through action of board of supervisors, such automatic reversion violates procedural directions of §§ 65853-65857 which demands that rezoning be accomplished through notice, hearings, and planning commission inquiry).

III. The Board has failed to comply with CEQA in exempting the proposed amendments because it has not prepared and reviewed an initial study establishing the exemption to CEQA proposed by Staff.

CEQA Guidelines Section 15061(b)(3) exempts from CEQA projects in which the government agency can establish by substantial evidence that "it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment."

In this matter, however, there is no analysis and no evidence in the record before this Board to back up the Staff's conclusion that the significant amendments to the zoning ordinances will have no significant effect on the environment.

The courts require that there be a sufficient analysis and substantial evidence to establish the exemptions authorized by CEQA. In the case of *Davidon Homes v. City of San Jose*, 54 Cal. App. 4th 106 (1997), the Court held that there must be an administrative record showing that the facts required to support the conclusion actually exist:

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"In this case the city's action was supported only by a conclusory recital in the preamble of the ordinance that the project was exempt under Guidelines section 15061, subdivision (b)(3). There is no indication that any preliminary environmental review was conducted before the exemption decision was made. The agency produced no evidence to support its decision and we find no mention of CEQA in the various staff reports. A determination which has the effect of dispensing with further environmental review at the earliest possible stage requires something more. We conclude the agency's exemption determination must be supported by evidence in the record demonstrating that the agency considered possible environmental impacts in reaching its decision."
[Emphasis added.]

At a minimum, the Board needs to demand that Staff prepare an initial study in accordance with CEQA in order to evaluate the potential impacts of these critical amendments to the County zoning ordinances.

IV. The Board is Rightly Concerned About the Impact of Fast Track Policies on Existing Litigation.

On September 11, 2012, the Board considered amendments to the County's Fast Track Policy. Following approval of this policy the Board took the rare step of reconsidering the approval of the Amendments to the Fast Track Policy in order to adjust to pending litigation. The reconsideration was made at the request of County Counsel Pamela Walls who stated to the Board:

"The request to exclude Solar from Renewable Energy projects from the [fast track] policy emanated from our office and the feeling was, because of pending litigation, there is really a need to bring that before the Planning Commission and vet these on an individual basis there before bringing them to the Board." [Emphasis added.]

Supervisors Tavaglione and Benoit also expressed concerns with adding projects to Fast Track which involved pending litigation.

We respectfully remind the Board that the County's pending surface mining project, the Liberty Quarry mine, is the subject of two lawsuits directly challenging the

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Environmental Impact Report for the Project and the Board's certification of it: (1) *City of Temecula v. County of Riverside et al., Granite Construction Co., real party in interest* (Riverside Superior Court Case Number RIC 1211312); and (2) *De Luz 2000 dba Save Our Southwest Hills and Elsinore Murrieta Anza Resource Conservation District v. County of Riverside et al., Granite Construction Co., real party in interest* (Riverside Superior Court Case Number RIC 1211812).

The considerations applied by the Board with respect to the solar issues apply with even greater urgency to the existing litigation involving the deficient and illegal EIR for Liberty Quarry.

V. Good Government Demands Planning Commission Consideration of Surface Mines.

Surface mines are among the most complex and controversial land use projects in any city or county and Liberty Quarry is at the top of the list. This Board and the Riverside County Planning Commission quite appropriately provided significant opportunities for the public to comment on the Liberty Quarry Project. The Board should be grateful for the opportunity to have all of the issues relating to such complex projects discussed and evaluated by many different people in the course of public hearings before the Planning Commission as well as the Board. It is only from these discussions and evaluations that the people can be confident that the Board is basing its decision on all available facts and opinions. Public participation and debate is not meant to be efficient—it is meant to result in the best possible decisions for the community.

If the Board is serious about improving its ability to approve important projects providing jobs for the County, it should provide greater resources to the Staff to expedite the detailed and comprehensive review of these projects as required by CEQA and principles of sound and transparent government.

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In conclusion, both the law and good public policy demand that the County study and debate surface mining permits before the Planning Commission as well as the Board. It is illegal to approve the amendments to Ordinance No. 348 and Ordinance No. 555 without noticed public hearings before the Riverside County Planning Commission and the Board of Supervisors. It is illegal to eliminate the Planning Commission's review of projects in the manner proposed by the proposed amendments.

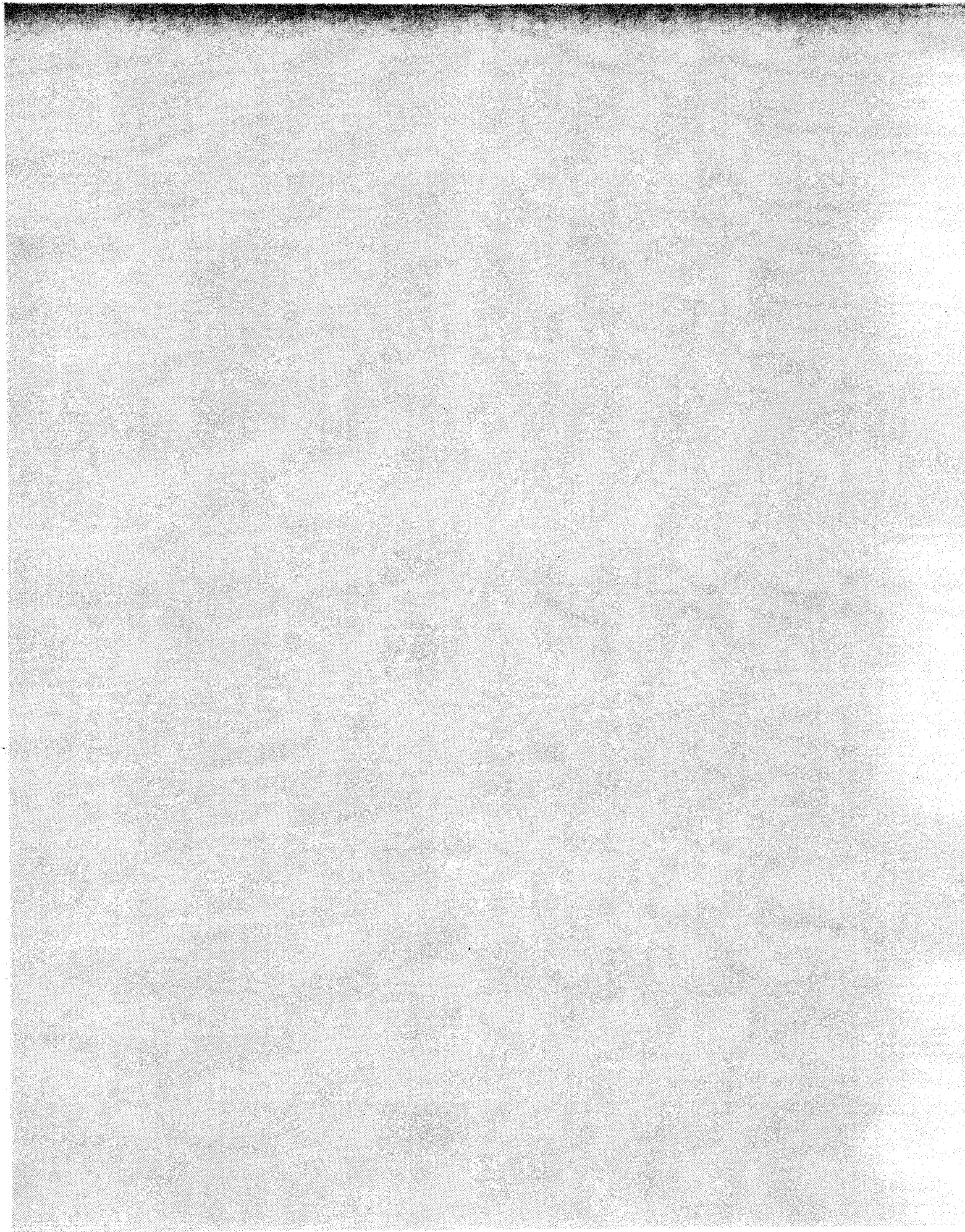
We urge you to reject the proposed amendments.

Very truly yours,



Peter M. Thorson

cc: Temecula City Council
Robert C. Johnson
Patrick Richardson
Betsy Lowrey
David Snow
Ginetta Giovinco



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Re: Proposed Action to Amend the County's Fast Track Policy A-32 (Item 3.64
September 11, 2012 Agenda)

Honorable Chairman and Members of the Board:

The City of Temecula was surprised to learn of the proposed amendment to the County's Fast Track Policy in light of the City's strong opposition to placing applications for surface mines, and specifically Liberty Quarry, within the ambit of the Fast Track Policy, and the City's litigation against the County challenging the Certification of the Liberty Quarry EIR.

The City of Temecula supports the efforts of the Board of Supervisors to generate jobs within Riverside County. The City contends, however, that the Liberty Quarry Project will not only fail to generate jobs but will eliminate jobs in the tourism and agriculture industries that are so vital to Riverside County, as described in the economic analysis of the Liberty Quarry Project prepared by the prestigious Rose Institute of the Claremont Colleges.

We again renew our objections to the placement of surface mines and Liberty Quarry into the County's Fast Track Policy. The proposed amendments to the Fast Track Policy do not permit the Board to add Liberty Quarry to the Fast Track Policy unless and until County Ordinance No. 348, the Zoning Ordinance and County Ordinance No. 555, the Surface Mining Ordinance, are duly amended by public hearings before the Riverside County Planning Commission and Board of Supervisors.

This letter also confirms the position of the County Counsel's Office in an email to Betsy Lowrey of the City of Temecula on September 10, 2012 that the County's Fast Track Policy No. A-32 will not apply to surface mining permits or to the Liberty Quarry Project now pending in the Planning Department unless and until Riverside County Ordinance Nos. 348 and 555 are duly amended to make this change and the Board acts to apply Fast Track to the Liberty Quarry Project.

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DISCUSSION

Surface mines are among the most complex and controversial land use projects in any city or county and Liberty Quarry is at the top of the list. This Board and the Riverside County Planning Commission quite appropriately provided significant opportunities for the public to comment on the Liberty Quarry Project. The Board should be grateful for the opportunity to have all of the issues relating to such complex projects discussed and evaluated by many different people in the course of public hearings before the Planning Commission as well as the Board. It is only from these discussions and evaluations that the people can be confident that the Board is basing its decision on all available facts and opinions. Public participation and debate is not meant to be efficient—it is meant to result in the best possible decisions for the community.

Government Code Section 65033 emphasizes these policy considerations in establishing State policy with respect to public participation in the planning process:

“65033. **The Legislature recognizes the importance of public participation at every level of the planning process.** It is therefore the policy of the state and the intent of the Legislature that each state, regional, and local agency concerned in the planning process involve the public through public hearings, informative meetings, publicity and other means available to them, and that at such hearings and other public forums, the public be afforded the opportunity to respond to clearly defined alternative objectives, policies, and actions.”
[Emphasis added.]

In addition to the public policy issues at stake in placing surface mine applications on Fast Track, the Board must also take into account two legal considerations.

First, placing surface mines on Fast Track requires amendments to Riverside County Ordinance No. 348, the County’s Zoning Ordinance, and Riverside County Ordinance No. 555, the surface mining ordinance. As amendments to zoning ordinances, Government Code §§ 65854-65858 and CEQA Guidelines § 15378(a)(1) require that the County analyze the amendments’ environmental impacts, prepare the necessary CEQA documents, hold public hearings before the Riverside County Planning Commission and hold public hearings before the Board of Supervisors. Hearings before both the Planning Commission and the Board of Supervisors are required and

Board of Supervisors
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Page 3

ensure the greatest opportunity for public participation, in accordance with Government Code § 65033. The proceedings necessary to adopt the proposed change in these ordinances will undoubtedly take far more time than the time required to hold public hearings before the Planning Commission on the new Liberty Quarry surface mining permit.

Second, we question the County's legal authority to use the Fast Track process for any project, let alone surface mining. The Government Code requires public hearings before the Board of Supervisors and a "planning agency" as discussed above. Government Code § 65100 provides that the Planning Agency can be the Board or the Planning Commission or a hearing officer. This Government Code section does not, however, authorize the Board to pick and choose which projects it wants to send to the Planning Commission and which ones it does not. This is especially true where the Board has delegated the decision of which projects may or may not go on fast track to a non-elected County official, the Executive Director of the County Economic Development Agency. There may have been some limited authority for this process under redevelopment, but redevelopment is dead and whatever limited authority may have existed under redevelopment is now gone as well.

It is good public policy and good legal policy to study and debate surface mining permits before the Planning Commission as well as the Board, and we urge you not to add surface mining projects to the County's Fast Track process.

Very truly yours,



Peter M. Thorson

cc: Temecula City Council
Robert C. Johnson
Patrick Richardson
Betsy Lowrey
David Snow
Ginetta Giovinco



SAN DIEGO STATE
UNIVERSITY

September 25, 2012

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VIA ELECTRONIC MAIL ONLY

Hon. John Tavaglione, Chair
County of Riverside Board of Supervisors
County of Riverside Administrative Center
4080 Lemon Street, 5th Floor
Riverside, CA 92501

RE: Item 3.56 (September 25, 2012)

Dear Chairman and Board Members,

Since 2005, San Diego State University and the SDSU Research Foundation have diligently provided the County with information and **scientific analysis on the proposed Liberty Quarry**. We have submitted written comments and **provided hours of testimony** at public hearings. Through this rigorous public vetting, **we identified significant statistical, scientific, and legal flaws in the Final Environmental Impact Report**. Unfortunately, **no efforts were made to rectify these deficiencies, not the least of which is a serious lack of analysis and acknowledgement of the sensitivity of the Santa Margarita Ecological Reserve**. Fortunately, **both the Planning Commission and Board of Supervisors recognized this weakness during deliberations, acknowledging the tremendous susceptibility of the Reserve as a unique and irreplaceable resource**. Based on these and other findings, the County ultimately rejected the Liberty Quarry.

Despite the denial of the project by the Planning Commission and Board of Supervisors, the thoroughly documented deficiencies in the FEIR, and the **identified significant and irreversible impacts to the Reserve**, the County is now inexplicably pursuing a process to fast track the proposed quarry. Liberty Quarry (even in its modified form) is an extremely complex project with a myriad of impacts to wildlife movement, cultural resources, air quality, hydrology, lighting, noise, and other factors that would permanently impair the Reserve's mission. Our written and verbal comments from prior hearings and submittals are still germane to the modified quarry since no efforts have been made to rectify the serious defects in the FEIR or provide any measures to avoid, minimize, or mitigate impacts. We respectfully request that you consider this when evaluating the fast track authorization for surface mining permits with respect to the Liberty Quarry.

Respectfully,

Matt Rahn, Ph.D.

The Estimated Costs and Benefits of the Proposed Liberty Quarry

June 2011

Prepared for City Attorney, City of Temecula

Manfred Keil, Ph.D.
Gary Smith, Ph.D.



ROSE INSTITUTE
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CLAREMONT MCKENNA COLLEGE

The Estimated Costs and Benefits of the Proposed Liberty Quarry

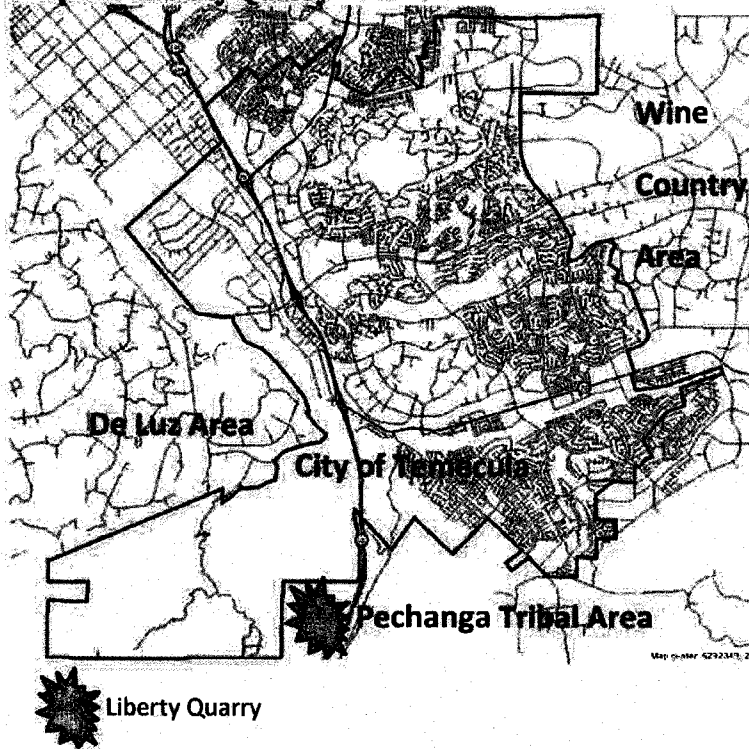
Executive Summary

1. Granite Construction Company is seeking a permit to construct and operate one of the nation's largest open-pit gravel mines ("Liberty Quarry"), which would be located on approximately 414 acres in an unincorporated part of Riverside County, west of Interstate-15 and Pechanga Tribal Reservation, immediately adjacent to the City of Temecula.
2. In support of this proposal, Granite Construction Company commissioned a report entitled "Economic Impact on Riverside County and its Southwestern Area" ("*Granite's Economic Report*"). The study was completed in February 2007 towards the end of the housing boom in Riverside County and 10 months before the onset of the *Great Recession*. As a result, many of its underlying assumptions are overly optimistic. In addition, *Granite's Economic Report* is one-sided: there are millions of dollars of benefits while costs are ignored. A fair assessment could easily conclude that this report reads more like a Granite press release than a serious, balanced economic analysis.
3. One of the major purported economic benefits is a reduction in truck travel, but the report's assumptions imply that the output from the proposed quarry will not replace production from existing quarries; instead the output will add to total production. Therefore, if there is any effect, it will most likely be increased truck travel in the long run.
4. Standard economic impact analysis only counts money that enters the local community through income from employment or from purchases of local goods and services. However, *Granite's Economic Report* additionally counts the revenue from the sales of Liberty Quarry products as an economic benefit for local residents even if this revenue does not reach the local community. As a result, the total economic benefits are vastly overstated.
5. The core assumption underlying the analysis is problematic in that it focuses on new money going into Riverside County, while neglecting the economic impact on current economic activity. There will be negative effects on property values, residential and commercial construction, tourism, and agriculture, among other concerns. The quarry will also result in longer commuting times for people living in the area, especially those commuting south, and the quality of life will be harmed by noise and air pollution. Each of these has economic costs which were not factored into *Granite's Economic Report*.
6. Conservative estimates of the economic costs of the quarry dwarf realistic estimates of the benefits. Calculating all of the benefits and the costs associated with the proposed Liberty Quarry, we estimate that the quarry will reduce property values by \$540 million and cost the region an additional \$80 million *per year*. We calculate total *cumulative* costs, that is, those occurring over the projected 50-year life span of the quarry, to be \$4.6 billion. With *cumulative* benefits over the same period totaling approximately \$1.0 billion, this results in an estimated total *cumulative* net negative impact of \$3.6 billion to the region.
7. In terms of additional employment for the region and revenue for Riverside County, the benefits are modest at best. Direct employment will only create 99 jobs and much of the sales tax revenue may be diverted to San Diego County. These quarry jobs will be more than offset by job losses in tourism, real estate, construction, and agriculture.

I. Background

Granite Construction Company is a publicly-traded company (NYSE: GVA) headquartered in Watsonville, California that produces construction materials and does civil construction work nationwide. Granite is seeking a permit to construct and operate one of the nation's largest open-pit gravel mines in terms of permitted reserves ("Liberty Quarry").¹ The proposed Liberty Quarry would be located on more than 400 acres in an unincorporated part of Riverside County, just west of the I-15 and the Pechanga Tribal Reservation, immediately adjacent to the City of Temecula and five miles south of Murrieta (see Graph 1). 2½ acres of the mine are located in San Diego County, which, as a result, will also receive various benefits, e.g. traffic fees, from the project.

Graph 1: Liberty Quarry Location



The proposed quarry facilities are projected to have a footprint of approximately 155 acres, plus 9 additional acres of graded access roads and utility pads. The pit itself, as proposed, is approximately one mile long and 1,000 feet deep. Blasts involving 10,000 pounds of explosives would be used to dislodge granite that would then be crushed into aggregate (gravel and sand). In addition to aggregate processing equipment, the site will have two asphalt plants, a concrete plant, a recycle plant (including rubber recycling), administrative buildings, above-ground tanks including a 300,000 gallon water tank and 25,000 gallons of fuel and gasoline tanks, three truck scales, a truck wash, and gas station/fuel islands and pumps. The estimated average number of trucks leaving the site is 54 trucks per hour, or nearly one truck every minute (*Liberty Quarry*

¹ Letter from Granite Construction Company to the City of Temecula, October 29, 2010.

Draft Environmental Impact Report).² The total annual volume of production of aggregate, concrete, hot-mixed asphalt, and other products would begin at 500,000 tons in 2012 and then increase by 500,000 tons a year until reaching a maximum production of 5 million tons in 2021.

The projected operations are:³

- *blasting*: twice a day, 10 blasts a week, between morning and sunset;
- *mining and processing*: 20 hours a day, 300 days a year (an average of 6 days a week);
- *loading, shipping and equipment maintenance*: 24 hours a day, 7 days a week.

II. Granite Construction's Economic Report on Liberty Quarry

In support of this proposal, Granite Construction Company commissioned a report entitled *Economic Impact Analysis on Riverside County and Its Southwestern Area* ("Granite's Economic Report").⁴ The report was submitted in February 2007, that is, before the start of the Great Recession in December 2007. At the time, the U.S. unemployment rate stood at 4.5 percent, California's was 5 percent, and for Riverside County it was 5.5 percent. The latest available numbers (May 2011) for the U.S. and California are 9.1 percent and 11.7 percent respectively. Riverside County has been particularly hard hit by the economic downturn and its unemployment rate currently stands at 13.3 percent, a monstrous 7.8 percentage points above the February 2007 level. The latest UCLA Anderson Forecast (June 2011) continues to paint a bleak picture for employment and the housing industry in the Inland Empire. Specifically, the Anderson Forecast states that the Inland Empire will not see a construction boom in the near future to pull itself out of the deep recession. Keil and Weidenmier (2010) forecast that unemployment rates in the Inland Empire will not fall below 10 percent until 2014.⁵

It should be clear that as the result of the seriousness of the recession, which was not foreseeable by the authors of *Granite's Economic Report* at the time, many of the assumptions used to calculate benefits are too optimistic and should be adjusted downwards. These would almost certainly involve the estimated revenue and total spending figures, with their impact on salaries and sales taxes. However, we are not in a position to re-calculate the projected numbers given the currently experienced "Not So Great Recovery," especially for the construction industry. Moreover, such calculations would result in further potential controversies given the assumptions we would have to make. As a result, we feel that we are on firmer ground if we respond here to the numbers as presented in *Granite's Economic Report*.

There are two aspects to *Granite's Economic Report* that are intriguing. First, and quite different from standard economic analysis, there is no mention of any estimated costs. As a result of excluding costs from "*Total Economic Impact*," it cannot come as a surprise that the benefits

² *Liberty Quarry Draft Environmental Impact Report*, July 2009, page 2-21.

³ Based on *Draft EIR*. The *Final EIR* proposes to blast once a day.

⁴ Husing, J. (2007). "Liberty County: Economic Impact on Riverside County & Its Southwestern Area," February 13.

⁵ Keil, M. and M. Weidenmier (2010). "The Inland Empire Report: The Great Recession in the Inland Empire." *CMC/UCLA Inland Empire Forecast*, October, page 29-46.

outweigh the costs in this analysis. In addition, the method to calculate benefits is seriously flawed, as we shall detail below. Second, the same author has written a separate report for the City of Temecula⁶ in which he stresses current attractive attributes to the area and which would be negatively impacted by the quarry. These would be in the areas of tourism, housing, retail trade, and the wineries.⁷ Yet he fails to consider these in *Granite's Economic Report*.

Table 1 summarizes *Granite's Economic Report's* estimates of the various economic benefits for one specific year, 2021.

Table 1: Granite's Economic Report's Estimated Benefits (2021; in \$ 2005)

<u>Total Economic Impact</u>	<u>2021 Benefits</u>
<u>Output impact</u>	
Direct	\$21.9 million
Outside	\$149.6 million
<u>Household income impact</u>	
Direct	\$6.9 million
Outside	\$11.8 million
<u>Employment impact</u>	277 jobs
<u>Government Revenue impact</u>	
<u>Riverside County</u>	
Property taxes	\$0.7 million
Sales tax	\$1.0 million
Transportation Uniform Mitigation Fees (TUMF) (one time)	\$0.1 million
Multiple Species Habitat Conservations (MSHC) fee (one time)	\$1.0 million
Riverside County Transportation Commission (additional sales tax)	\$0.5 million
California Sales tax	\$6.2 million
California Royalties (present value)	\$3.0 million
<u>Economic impact of reduced truck travel</u>	
On air quality	\$27.3 million
On highway maintenance	\$5.3 million

⁶ Husing, J. (2008). "Temecula: Demographic, Economic & Quality of Life Data," September 10.

⁷ "Temecula's leadership has worked hard to preserve the quality of the community's environment and to provide its families with a wholesome way of life. This is one reason the city has already been able to attract technology firms." Husing (2008), page i.

The corresponding numbers are listed in the summary section of *Granite's Economic Report*.⁸ The year 2021 was chosen by the author of *Granite's Economic Report* since this is the first year at which the planned quarry is expected to reach full capacity. Hence these are estimates for a single year (2021) and these are *not* the cumulative benefits from the projected start of the quarry in 2012 through 2021; nor do they take account of subsequent benefits, as standard practice would suggest. The terms shown in the various rows of Table 1, such as "Output impact, Direct" and "Output impact, Outside" correspond to the respective names and items in *Granite's Economic Report's* summary, and are further clarified in the text following Table 1.

In its summary, *Granite's Economic Report* gives the impression of a total economic impact of \$190.2 million for the year 2021 and the creation of 277 jobs. In addition, the total government revenue impact is projected to be \$45.1 million dollars. It is not clear to us why the author chooses to list the present value of the California Royalties here when all other calculations are made only for a single year. Adjusting the \$3 million of the California Royalties to the \$0.2 million payment in 2021 reduces the total government revenue impact to \$42.3 million instead of the \$45.1 million listed. Again, at this point, we only display a summary of the major results of *Granite's Economic Report*, adjusting these if necessary to reflect consistency, but without criticizing the methodology.

To be fair, *Granite's Economic Report* does not total up these benefits; however they are listed one under the other to give the impression that these items are all part of a greater sum. As we will show below, listing "Output impact" and "Household income impact" in this fashion lures the reader into feeling that they are separate and different items, when instead they overlap, so that some *double counting* is involved here (see below).

II.1 Re-Examination of Granite's Economic Report's Estimates of the Economic Impact

The core assumption underlying *Granite's Economic Report's* analysis is problematic:

"Fundamentally, an area has an economy because it has a set of activities that bring money to it from the outside world and supports firms and workers that receive it."⁹

In theory and practice, a geographic area, whether it is an island, a city, county, or even a country could be largely self-sufficient. This assumption then results in two fundamental errors:

- All purchases of Liberty Quarry products are counted as an economic benefit for local residents. This clearly is a gross overstatement. *Standard economic analysis* only counts these as benefits if the money reaches the local community through *income from employment* or from *purchases of local goods and services* (we explain and elaborate on this below).
- The report completely neglects the negative effects of operating a quarry on existing residents and businesses.

⁸ *Granite's Economic Report*, pp. 29-30.

⁹ Husing (2007; 9)

We will follow *Granite's Economic Report* in calculating all costs and benefits in 2005 dollars and in using a 6% discount rate to calculate the present value of the costs and benefits.¹⁰ For comparison purpose, we will also list costs and benefits for both 2012 and 2021, the years for the start of operation and the first year of operation at full capacity, respectively. We assume a 50-year horizon in our present value calculations since *Granite's Economic Report* states that "the end of the quarry's life" will be in 2061.¹¹ Much of *Granite's Economic Report* focuses on southwestern Riverside County, but we will expand the analysis to include all of Riverside County, because the negative economic effects of the project will be felt county wide.

II.1.A Benefits

The numbers in Table 1 need to be adjusted because some either involve *double counting* or are benefits for residents elsewhere, but not economic benefits for the residents of Riverside County.

Table 1a: Granite's Economic Report's Estimated Benefits, adjusted (2021; in \$ 2005)

<u>Total Economic Impact</u>		<u>2021 Benefits</u>
<u>Output impact</u>		
Direct	\$19.5 million	\$21.9 million
Outside		\$149.6 million
Household income impact		
Direct		\$6.9 million
Outside		\$11.8 million
Employment impact	99 jobs	277 jobs

The text below clarifies precisely how *Granite's Economic Report* overstates the benefits through *double counting* (for example, *Household income impact* is already contained in the *Output impact*) and money flows to residents elsewhere (*Output impact, Outside*).

¹⁰ Present value calculations are commonly used in finance to standardize current and future money flows. Municipalities, for example, use present value calculations to calculate amounts of dollars that have to be set aside for future employee retirement obligations. The present value of a future money flow equals what we would be willing to pay today to receive specified dollar amounts in the future. "Put another way, a dollar received today is worth more than a dollar received at some point in the future, because the dollar received today can be invested to earn interest." Husing (2007; 24). The 6% discount rate is a real discount rate, adjusted for inflation, since the cash flows are in constant dollars. Appendix A gives a few easy-to-follow examples on how to calculate a present value and the advantages in doing so.

¹¹ Husing (2007; 24). There is some confusion with regard to the end of the quarry's life. The July 2009 Liberty Quarry draft Environmental Impact Report indicates that it is a 75-year permit commencing in 2012, which would indicate an end of the quarry's life in 2087 instead of 2061. In addition, there would be a 5-year reclamation period. Since this report is in response to the Husing (2007) report, we will continue with the 2061 date here. Below we will demonstrate that the costs outweigh the benefits for a 50-year horizon. The gap between costs and benefits would widen if we assumed a 75-year horizon. Hence continuing with the 50-year horizon is consistent with our theme to err on the conservative side with our estimates.

II.1.A.i Total Economic Impact

According to the *Liberty Quarry Draft Environmental Impact Report*,¹² approximately 30 percent of the truck trips would average approximately 20 miles one way to customers within Riverside County and 70 percent of truck trips would average approximately 30 miles one way to customers in San Diego County. *Granite's Economic Report* estimates that when the Liberty Quarry is operating at full capacity in 2021, it will sell \$160,177,765 worth of products.¹³ Of this amount, two-thirds (\$107,319,103) will be sold in northern San Diego County, while one-third (\$52,858,663) will be sold in southwest Riverside County. Of the \$52,858,663 sold in southwest Riverside County, 80% will be financed by loans and revenue originating outside of southwest Riverside County. The report calculates the economic benefit to southwest Riverside County as follows:

$$\$107,319,103 + (\$52,858,663 \times 80\%) = \$149,606,033$$

or roughly \$149.6 million and labels this amount the "outside output impact" (listed as "Output impact, Outside" in Table 1).

This is clearly an inappropriate calculation. The fact that Granite Construction Company sells \$149.6 million worth of products to buyers who financed their purchases with funds originating from outside Riverside County does not mean that Riverside County will receive \$149.6 million worth of benefits. Granite Construction Company's revenue can be used to finance projects elsewhere or acquire land elsewhere or to pay dividends to its stockholders.

The dollar figures for 2021 both in Exhibit 8 on page 12, and in Exhibit 10 on page 15 of *Granite's Economic Report* make it very clear why Granite wants to open this quarry: the company's revenue minus operating expenses in 2021 (in 2005 dollars) are projected to be \$160,177,765 - \$24,064,278 = \$136,113,487. It is due to these profits that the company wants to operate the quarry, not because of the portrayed economic benefits to the region.

Exhibit 8. Estimated Revenue, Liberty Quarry, Start Production to Capacity, 2012-2021 (2005 \$)										
Product	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
1 Concrete Sand	\$1,864,767	\$2,534,608	\$4,287,712	\$6,092,839	\$7,067,694	\$8,967,136	\$9,101,643	\$11,085,802	\$13,127,437	\$15,227,827
2 Concrete Aggregates	\$1,109,845	\$3,379,478	\$4,573,580	\$8,963,245	\$8,834,617	\$10,760,564	\$12,135,524	\$13,549,313	\$15,002,785	\$16,496,812
3 Base	\$499,430	\$1,013,843	\$1,543,576	\$2,088,973	\$2,650,365	\$3,226,169	\$4,368,789	\$5,542,901	\$6,751,253	\$7,994,609
4 HMA-outside sale	\$554,922	\$1,126,493	\$1,715,085	\$2,321,082	\$2,944,872	\$3,586,855	\$4,854,210	\$6,158,779	\$7,501,392	\$8,882,899
5 HMA-inside sale	\$1,864,767	\$3,379,478	\$5,716,950	\$6,963,245	\$9,423,591	\$10,760,564	\$13,349,077	\$14,781,069	\$16,253,017	\$17,765,798
6 Rip-Rap	\$1,109,845	\$1,126,493	\$1,143,390	\$1,160,541	\$1,177,949	\$2,391,236	\$2,427,105	\$2,463,511	\$2,500,464	\$2,537,971
7 HMA-C (0.055)	\$8,430,382	\$17,113,675	\$28,950,634	\$35,261,872	\$47,721,067	\$54,491,494	\$67,599,725	\$74,851,332	\$82,305,277	\$89,965,999
8 Imported Material-resale	\$998,860	\$1,029,051	\$1,060,154	\$1,092,187	\$1,125,209	\$1,159,218	\$1,194,256	\$1,230,352	\$1,267,539	\$1,305,851
Total	\$16,832,829	\$30,783,119	\$48,991,862	\$61,843,985	\$80,845,385	\$95,345,235	\$115,839,329	\$129,663,859	\$144,789,185	\$160,177,765

Source: Granite Construction (2006)

¹² *Liberty Quarry Draft Environmental Impact Report* (July 2009), page 2-21

¹³ Husing (2007; 13), Exhibit 9. This estimate is probably too optimistic since the author assumes that the prices of all quarry products will increase 1.5 percent points faster than the rate of inflation for the next 50 years. Overall, the pretended precision of the estimates in the report down to a single dollar is somewhat annoying to the reader, given the imprecision of the assumptions that underlie the calculations.

Exhibit 10 - Total Spending, Typical Facility, Start Production to Capacity, Begin-2021 (2005 \$)

Product	Thru 2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Capital Invest	\$116,735,795	\$8,301,166	\$1,405,800	\$1,000,000	\$2,000,000	\$1,545,000	\$6,772,500	\$3,877,300	\$2,452,300	\$1,195,000	\$2,743,600
Craft Workers		1,357,380	2,095,360	2,645,360	3,195,360	4,185,360	4,955,360	5,745,520	6,515,520	7,065,520	7,635,680
Management		2,500,000	1,000,000	500,000	500,000	500,000	1,000,000	500,000	500,000	500,000	1,000,000
Services		2,957,526	4,111,963	4,861,889	5,893,369	8,221,392	9,261,275	10,407,147	11,040,438	11,123,242	11,206,666
Consumables		2,002,075	2,017,091	1,590,063	1,413,519	1,424,120	1,434,801	1,445,562	1,456,404	1,467,327	1,478,332
Operating Exp		\$4,816,962	\$9,224,414	\$8,597,311	\$11,082,249	\$14,330,872	\$16,651,437	\$18,098,229	\$19,512,362	\$20,156,069	\$21,320,678
Total Spent	\$116,735,795	\$15,118,142	\$10,630,214	\$10,597,311	\$13,082,249	\$15,875,872	\$23,423,937	\$21,975,529	\$21,964,662	\$21,351,069	\$24,064,278

Source: Economics & Politics Inc. Using Industry Average Data Estimated by EnviroMine, Inc.

According to standard economic analysis, all that matters for the Riverside County economy is how many local people are hired and paid, and how much the company spends on local goods and services. This is the \$21.9 million that the author reports as the “direct output impact” and which we listed in Table 1 as “Output impact, Direct”. The “outside output impact” in Table 1 should not be included in the list of benefits since these funds flow to residents elsewhere.

The author of *Granite’s Economic Report* obtained his \$21.9 million figure as follows:¹⁴ the estimates that Granite Construction Company’s capital spending and operating expenses (including employee compensation) will be \$19,491,772 in 2021, of which \$18,301,166 will be paid for by funds coming from outside of Riverside County. He reduces the \$18,301,166 figure to \$14,622,799 to reflect the fact that some of the worker compensation is benefits and then applies the standard *IMPLAN* multiplier of 1.5 on the assumption that, on average, a dollar received by local residents creates 1.5 dollars of local economic activity: $1.5 \times \$14,622,799 = \$21,934,199$ or roughly \$21.9 million.

For measuring the local impact of the operation of the Liberty Quarry, there is no reason to distinguish between funds raised locally and elsewhere. What matters is that a company hires local workers since salaries affect the local community directly. Other than for sales tax purposes, it does not matter whether the company sells its products in Riverside County or in San Diego County.

To use an analogy, the Hilton Corporation has several properties in Las Vegas, of which one (The Flamingo) is also a casino. Most of the money revenue generated is from visitors who do not reside in Las Vegas. However, the Hilton corporation transfers profits back to its headquarters in McLean, Virginia, as it sees fit and only the amount it spends on wages and salaries, and purchases from local suppliers should count as output impact, not the money that flows into the Hilton accounts from funds originating from outside of Las Vegas or Nevada. Similarly, and perhaps more relevant for the current quarry consideration at hand, the U.S. State of Wyoming traditionally has occupied one of the top ranks in per capita output among U.S. states, due to its mining industry, which is capital intensive. However, it is far from being one of the richest U.S. states in terms of per capita income, since few of the important mining companies have their headquarters in Wyoming. Instead, the state with the highest per capita income in the U.S. has typically been Connecticut, probably because of its proximity to New York City and workers from there residing

¹⁴ Husing (2007; 15-18)

in Connecticut. It is not standard economic practice to count the flows of money back to company headquarters as part of the economic impact that the company has on the local area where production occurs.

The gist of this argument is that *Granite's Economic Report* includes figures as benefits that are not in any way an economic benefit to Riverside County. As a result, the "Output impact, Outside" has to be completely deleted. This reduces the "Output impact" by a staggering \$149.6 million in 2021. To make matters worse, the "household income impact" and "employment impact" numbers in Table 1 are components of the "output impact," not an addition to this amount (\$149.6 million + \$21.9 million), and they should not be included in a compilation of the benefits, since this would involve *double counting*.¹⁵ In *Granite's Economic Report*, we are therefore left with the "Employment impact" of 277 jobs and the "Output impact, Direct" of \$21.9 million instead of the apparent total of \$190.2 million from "Total Economic Impact."

We adjust the "Output impact, Direct" as follows for our calculations. First, we use the last row of Exhibit 11 of *Granite's Economic Report* (shown below) to estimate the expenditures on local workers, goods and services.¹⁶

Exhibit 11.-Local Spending, Liberty Quarry, Start Production to Capacity, Begin-2021 (2005 \$)

Product	Thru 2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Capital Invest	\$90,887,943	\$1,826,875	\$416,182	\$950,000	\$1,700,000	\$457,464	\$4,728,732	\$1,787,972	\$1,300,018	\$1,007,738	\$1,452,292
Cr&B Worker		\$1,029,240	\$1,439,120	\$1,661,001	\$1,882,881	\$2,544,781	\$2,986,641	\$3,448,681	\$3,090,562	\$4,112,442	\$4,354,482
Management		\$2,500,000	\$1,000,000	\$500,000	\$500,000	\$500,000	\$1,000,000	\$500,000	\$500,000	\$500,000	\$1,000,000
Services		\$2,957,526	\$4,111,963	\$4,861,889	\$5,893,369	\$8,221,392	\$9,281,275	\$10,407,147	\$11,040,438	\$11,123,242	\$11,206,666
Consumables		\$2,002,075	\$2,017,091	\$1,590,063	\$1,413,519	\$1,424,120	\$1,434,801	\$1,445,562	\$1,456,404	\$1,467,327	\$1,478,332
Operating Exp		\$8,488,842	\$8,588,175	\$8,612,952	\$8,689,768	\$12,690,273	\$14,682,718	\$15,881,390	\$16,887,404	\$17,283,818	\$18,039,488
Total Spent	\$90,887,943	\$10,315,715	\$8,984,357	\$9,562,952	\$11,389,769	\$13,147,737	\$19,411,449	\$17,589,363	\$18,267,420	\$18,210,748	\$19,491,772

Source: Economics & Politics Inc. based upon estimated leakages by type of spending discussed above

Second, while we list the numbers for 2021 for completeness (\$19.5 million), we prefer to focus on the year 2012 (\$10.3 million), which is the first year of operation of the quarry. In addition, we list the present value of *all future expenditures* over the lifetime of the quarry. This allows for a more complete analysis, since it lets us compare all future expenditures with all future costs, irrespective of when they occur, and hence, while it may be slightly more difficult to understand conceptually, is the proper way to compare costs and benefits.

Present value calculations are standard in economic and financial analysis. City and county administrators use this type of calculation to figure out, for example, future liabilities resulting from pension obligations. *Granite's Economic Report* uses present value calculations in various places and we explain these calculations in Appendix A. The primary advantage of present value calculations is that it allows us to take into account all future benefits and costs instead of those of just a single year, whether it is 2012, 2021, or any other year.

¹⁵ Husing (2007; 29) gives the appearance of double counting. We give the author the benefit of the doubt and assume that he simply intended to look at the benefits from different angles (output, income, employment).

¹⁶ Husing (2007; 16). The author inexplicably ignores the \$90.9 million projected spending on site preparation, but we include this in our present value calculations. We assume that spending (in constant dollars) will be constant after 2021, when the quarry reached full production levels.

The present value of all future expenditures is \$357.7 million, and the value for 2012 only is \$13.3 million.

To simplify calculations, we do not use *IMPLAN* multipliers in our calculations because these are not applied to any of the other benefits in *Granite's Economic Report*. For consistency, *IMPLAN* multipliers should either be used for all costs and all benefits, or for none of them, and *Granite's Economic Report* does not provide enough information to apply *IMPLAN* multipliers to all of the costs and benefits. In Table 1, this would reduce the employment impact from 277 jobs to 99 jobs. Either way, the economic costs enumerated later in this report would surely cause job losses from reduced employment caused by the negative impacts on the tourist industry, wineries, and construction far larger than the relatively small number of jobs created by the operation of the quarry.

II.1.A. ii Government Revenue Impact

Property Taxes

Granite's Economic Report estimates the increased *property taxes* that would be paid on this property by applying a 1.0648% property tax rate to the difference between the property's current assessed valuation and the quarry's estimated market value, which is calculated from the discounted present value of its operations.¹⁷ There is no assurance that this is a reasonable prediction of the property's future assessed value.

In any case, the estimated additional \$0.7 million per year in property taxes on the improved property are dwarfed by the negative effects on residential property values that are estimated later in this report and which are not even considered by *Granite's Economic Report*.

The costs discussed in section II.1.B. below also imply that there will be less demand for new homes in the area and that the homes that are built will be less likely to be large, upscale homes (we assume that more affluent home owners are less likely to build homes when a large quarry is the neighbor). It seems clear that the reduced value of existing homes and the negative effects on the construction of new homes will reduce property taxes by more than \$0.7 million.

Sales Taxes

For *sales taxes*, the author of *Granite's Economic Report* uses Granite Construction Company's estimate that 67% of its sales volume (estimated by *Granite's Economic Report* to be \$102.6 million in 2021) will be transactions subject to sales taxes.¹⁸ This estimate is "based upon their experience at other facilities." The author does not elaborate if the other facilities resemble the special location of the planned quarry, which is in one county (here Riverside County) while the majority of the aggregate usage is in another county (here San Diego County). If not, then referring to the experience at other facilities is misleading.

¹⁷ Husing (2007; 22); Exhibit 17, which does some of the calculations, appears later in the report, on page 25.

¹⁸ Exhibit 16 in Husing (2007; 23)

Let us elaborate on how geography may play a special role here. Granite Construction Company is a multi-use company and will not pay a sales tax or use tax on Liberty products used in its own construction activities. In addition, products delivered to San Diego County may be subject to a sales tax paid to the County of San Diego rather than a sales tax paid to Riverside County.

To clarify:

- Granite Construction Company will pay neither sales tax nor use tax on its aggregate for its own construction contracts. This is also true for joint venture companies.
- If the aggregate is picked up by an independent customer at Liberty Quarry (and the order was taken at the quarry), then the point of sale is at the quarry and therefore sales taxes will be paid to Riverside County.
- Sales tax derived from all sales of aggregate as part of a construction contract will generally be paid to the county where the project site is located.

How much, if any, sales tax revenue Riverside County would receive in other scenarios depends on the location that is legally considered to be the place where the order is taken or sale negotiated and whether the contract requires installation or laying of material in its final resting place.

Of the 8.75% sales tax levied in Riverside County, 7.25% goes to the State of California, 1.5% to the County government, of which 0.5% goes to the Riverside County Transportation Commission (RCTC). The payments to the state of California will not directly benefit residents of Riverside County and should not be included among the local benefits. Even the approximately \$1 million of sales taxes for Riverside County listed in *Granite's Economic Report* will be outweighed by the loss of sales taxes for the following reason: the operation of the quarry will surely have a negative effect on migration to the area, the construction of businesses to service the local population, and reduced tourism, as discussed below.

The *Granite's Economic Report* author's calculations of the Transportation Uniform Mitigation Fees (*TUMF*), Multiple Species Habitat Plan (*MSHCP*) fees, and royalty payments to the state of California seem straightforward. It should be noted that the royalty payments to the State Teachers Retirement Fund has not yet been negotiated by the State Lands Commission, whether is it the \$3 million reported by the author of the report or the \$300 million mentioned elsewhere. Regardless, the royalty payments will not directly benefit residents of Riverside County and should not be included among the local benefits. No local retired teacher's pension contract will be boosted due to the potential Liberty Quarry contribution. In addition, the MSHCP fees have a very restrictive use and cannot be transferred to the general fund. In other words, it would be better to list them as an environmental, rather than a financial benefit. Again, to err on the conservative side, we left the item in our calculations as a financial benefit.

II.1.A.iii Economic Impact of Reduced Truck Travel

The author of *Granite's Economic Report* assumes that production at the Liberty Quarry will replace production at more distant quarries and thereby reduce the distances trucks travel to deliver

quarry products to construction sites. He then estimates the economic effects of reduced travel distances on air quality and highway maintenance.

However, some users have long-term contracts or have their own quarry sites that they will continue to use. More importantly, *Granite's Economic Report* argues that the Liberty Quarry is needed to increase total quarry production because Southern California's demand for quarry products far exceeds the supply.¹⁹ However, in the *Report's* shipping-distance calculations, the *Report* assumes that production from Liberty Quarry will cause production from other quarries to fall by an equal amount, so that there is no net increase in total production.

If *Granite's Economic Report* is correct in its assumption that the Liberty Quarry will increase total quarry production, then the total miles traveled to deliver products will actually *increase*. Not only will Liberty Quarry's products have to be shipped, but products from other quarries will continue to be shipped and may well be shipped longer distances if some construction sites are closer to Liberty Quarry than to other quarries. The relevant question is whether total shipping distances will increase if the Liberty Quarry is opened at the proposed site or at an alternative site. Since *Granite's Economic Report* does not address that question, the estimated *negative* economic impact of increased truck travel is unknown.

Suppose, on the other hand, that the *Report's* shipping-distance assumption is correct and that the opening of the Liberty Quarry causes production at other quarries to fall by an equal amount, so that there is no net increase in total production. If this were true, there would be no net gain in tax receipts or employment for Riverside County. The tax revenue and employment from Liberty Quarry would be offset by losses elsewhere, for example, in Western Riverside County (Lake Elsinore/Temescal area). In addition, if there were fewer trucks on the road, this would have a negative impact on the trucking industry and jobs for truck operators.

The conclusion is that either Granite takes business away from other quarries or Granite increases truck traffic; likely it will be both. The *Report's* presumptions that Granite reduces truck traffic and simultaneously does not take business away from other quarries are illogical and nearly impossible.

II.1.A.iv Total Benefits

Table 2 summarizes our estimates of the benefits for Riverside County and should therefore replace Table 1 above. The numbers in this table represent the dollar figures which we forecast as the likely outcomes in terms of benefits that the operation of Liberty Quarry will bring to Temecula and the County of Riverside. When comparing the numbers here to those in Table 1, it becomes immediately clear that they are not nearly as large as the vastly inflated estimated benefits in *Granite's Economic Report*. This is true regardless of whether you use 2021 or 2012 as a year

¹⁹ The argument that there is limited supply of aggregate is incorrect. There is abundant supply of natural aggregate available as demonstrated in the *Geologic Maps of San Diego County and Riverside County*. In addition, there is further documentation on this in the January 2011 SANBAG Aggregate Resources Report. Finally, supply in terms of permitted reserves may not exceed demand at any time, based upon renewal of existing permitted mines, permitting of new mines in appropriate locations, or a decrease in demand for aggregate based on lower development activities.

for calculation. While *Granite's Economic Report* did not use present value calculation, we have added a column here to reflect all future benefits/costs over the life span of the quarry.

Table 2: Revised Estimated Benefits, millions of 2005 dollars

Category	2012	2021	Present Value
Local employment and purchases of goods and services	\$10.3	\$19.5	\$357.7
Riverside County government revenue			
Property taxes	negative	negative	
1% Sales Tax	negative	negative	
TUMF, one-time	\$0.1 ²⁰	\$0.0	\$0.1
MSHCP fee, one-time	\$1.0	\$0.0	\$1.0
Economic impact of truck travel			
On air quality	negative	negative	
On highway and road maintenance	negative	negative	
Total	\$11.4	\$19.5	\$358.8

II.1.B Estimated Costs

Granite's Economic Report report does not include any negative economic impacts from the operations of the proposed Liberty Quarry. This is a particularly startling omission since there clearly will be negative effects including increased driving costs, reduced property values, reduced tourist activity, damaged agricultural crops, increased health costs, public emergency services, and a diminished quality of life. Road maintenance costs and inadequate lane capacity to accommodate more than 1,600 additional daily heavy duty aggregate truck trips will become a financial burden to governmental entities, including the City of Temecula (and CALTRANS) and the County of Riverside.

II.1.B.i Driving Costs

The proposed quarry will be loading and shipping materials in large trucks 24 hours a day, 7 days a week. The Traffic Study estimates that 1,600 daily truck trips will be required to transport 5 million tons of aggregate per year. The *Liberty Quarry Draft Environmental Impact Report* (page 2-21) estimates that there will be an average of 54 trucks an hour leaving the site.

Travel times for local residents, especially those commuting south to San Diego County, will be affected by these heavy, slow-moving trucks, a faster deterioration in the quality of the roads, and an increase in road repair activity. In addition, any aggregate that falls off the trucks may slow traffic and damage cars.

The California Department of Transportation estimated that the average daily traffic on the I-15 at the San Diego/Riverside County line was 129,000 vehicles northbound and 129,000 vehicles

²⁰ TUMF fees could be as high as \$0.3 according to the *Liberty Quarry Draft Environmental Impact Report*, 2009.

southbound in 2008.²¹ To be conservative, we will assume that there is only one person per vehicle, whose time is worth \$10/hour, which would only be \$2 above California minimum wages; and that travel time increases by one minute. These conservative assumptions imply increased driving costs of \$15,695,000 per year. A 2000 analysis of the Soledad Canyon Project near Santa Clara estimated that 1,164 daily truck trips would increase travel time on the Antelope Valley and Golden State Freeways by between 0.75 and 1.5 minutes.²² For the Liberty Quarry's proposed 1,600 daily truck trips (37% more than in the Soledad Project), we use a 1-minute average increase in travel time, which is the lower part of the 0.75-minute to 1.5-minute range.

Assuming conservatively that traffic does not increase over the 50-year horizon (50 years based on the Husing Economic Impact Analysis) or over the 75-year horizon (75 years based on the *Liberty Quarry Draft Environment Impact Report*) of this proposed quarry, and that the dollar value of an individual's time increases at the rate of inflation, the present value is \$247.4 million. With less conservative assumptions, the loss could be far higher.

II.1.B.ii Property Values

Temecula and Murrieta both have populations of more than 100,000 with respective 2007 estimated median family incomes of \$80,000 and \$90,000. In a 2008 economic report of the City of Temecula, John Husing observed that,

"Temecula is one of Southern California's nicest locations"²³

and that,

"the residents of southwestern Riverside County want to create a suburban community largely composed of upscale detached single-family homes."²⁴

Yet, he has also noted that aggregate mining "is not an activity that residents are excited about having located near them. In fact, aggregate mining operations almost always meet with opposition."²⁵

If people are largely opposed to such mining operation, then such operations will have costs for the local population, including a negative effect on local property values. If people do not want to live close to a quarry, they will not be willing to pay as much to do so. This should be especially true in the Temecula Valley where residents have been attracted by an upscale living standard.

John Husing, the author of *Granite's Economic Report* notes that an ocean sea breeze reaches Temecula due to a gap in the mountains. This adds to Temecula's attractiveness. However, this

²¹ <http://www.dot.ca.gov/hq/traffops/saferesr/trafdata/2008all/r012-15i.htm>

²² Brown, W. and S. Frates (2000). "The Economic Impact of the Transit Mixed Concrete Company's Soledad Canyon Project on the Surrounding Community and Los Angeles County." Rose Institute, December 10.

²³ Husing (2008; 1)

²⁴ Husing (2008; 1)

²⁵ Husing (2008; 8)

mountain gap is directly over the proposed quarry location, so that the sea breeze that makes Temecula special will carry dust, noise, the odor of asphalt and rubber recycling, as well as pollutants and emissions to Temecula.

The people who have chosen to live in the Temecula Valley may value the environment highly. Several empirical studies have found that property values are affected by air quality, water quality, and the location of hazardous waste, although the specific magnitudes depend on the nature of the city and its residents.²⁶ An economic analysis of the proposed Soledad Canyon Project near Santa Clarita is instructive.²⁷ That project would have produced 56.1 million tons of aggregate over a 20-year period, as compared to Liberty Quarry's production of 227.5 million tons over a 50-year period.²⁸ For the much smaller Soledad project, it was assumed by the authors of the study that the prices of homes within two miles of the proposed mine would decline by 6% to 10% and that the prices of homes between two and five miles of the site would decline by 2% to 6%.

To put the relative size of the proposed quarry into perspective, the Coachella Valley MSHCP in 2007 listed the total permitted reserves for the entire Coachella Valley at 272 million tons,²⁹ which is expected to last for approximately 130 years. Liberty Quarry, by contrast, will extract 235 million tons, which is close to the combined quarry reserves in the Coachella Valley. The resulting 1,600 daily truck trips from Liberty Quarry are bound to have a serious negative impact on all ramps of the I-15 (the single freeway which runs through the City of Temecula). This amount of traffic would have quite a large negative impact on all residents and visitors.

While the negative impact imposed on all local communities will diminish the attractiveness of the area to prospective buyers in the entire area, we are willing to err on the conservative side by not considering the negative effects on property values to other nearby residential communities such as DeLuz, Fallbrook, Rainbow, Wine Country, French Valley, Pechanga, and the other unincorporated areas of Riverside County east of the I-15. In addition, we are limiting the estimate to residential property values and exclude the impact to commercial property values.

In what follows, we will only assume a modest 6% reduction in property values within the City of Temecula boundaries for our median estimate.

In 2010, Temecula had 34,004 housing units.³⁰ In May of 2010, the median home sale price was \$275,000. This was \$75,000 higher than the overall County median price. If the average home price \$275,000 diminished its valuation gap with the rest of the County and were to fall by 6%, this represent a \$16,500 decline. Multiplied by 34,000 homes, that would be a \$561 million decline in total property values. A mega-quarry will certainly be a nuisance to all Temecula homeowners

²⁶ For example, Smith, V. and J. Huang (1995). "Can Markets Value Air Quality? A Meta-Analysis of Hedonic Property Value Models," *Journal of Political Economy*, 103 (1), 209-227; Zabel, J. and K. Kiel (2000). "Estimating the Demand for Air Quality in Four U.S. Cities," *Land Economics*, 76 (2), pages 174-194.

²⁷ Brown, W. and S. Frates (2000). "The Economic Impact of the Transit Mixed Concrete Company's Soledad Canyon Project on the Surrounding Community and Los Angeles County." Rose Institute, December 10.

²⁸ Husing (2007). Note that the Liberty Quarry Draft Environmental Impact Report reduced the footprint quarry size to 235 million tons over 75 years.

²⁹ EIR (2007) pp. 44-5.

³⁰ San Diego Association of Governments (SCAG) Local Profiles Report 2011; City of Temecula (2011; 8, 11)

and impact all property values. To be conservative, we omit many impacted residences and limit ourselves to 50% of Temecula properties, or \$280.5 million.

The operation of the quarry will also reduce the value of existing commercial property and the quantity and quality of construction of new homes and businesses to service the population ("retail follows rooftops"). Taken together, these effects are most likely at least as large as the effects on existing residential property, but we will not include a dollar figure in our tabulation of the costs.

II.1.B.iii Tourism

The Husing report for the City of Temecula identifies Temecula as "a premier tourist destination."³¹ Among the attractions are more than 640 antique dealers, many specialty shops and restaurants, Wednesday and Saturday farmers markets, wine tasting at more than 30 wineries, seven golf courses, hot air ballooning, the Temecula Children's Museum, Temecula Valley Museum, Pechanga Resort and Casino, and events such as the Temecula Rod Run car show, Temecula Valley International Jazz Festival, and Temecula Valley International Film & Music Festival.

The Temecula Valley Convention & Visitors Bureau opposes the location of the Liberty Quarry because of the negative effects it will have on the estimated 6,600 business owners and employees who are involved in Temecula's tourist industry, the average of 67,600 visitors a month who stay in Temecula hotels, and the estimated \$605 million annual economic impact of tourism.³²

The tourism industry is concerned about the presence of a large mining operation overwhelming the reputation of the area, which is largely known for its wine country. Liberty Quarry would be located at the entrance to Riverside County coming from the south. A recent study has attempted to compare quarries in Napa Valley and in the Coachella Valley to the situation at hand, and has concluded that there is no evidence of a negative impact on the wine industry (or for that matter on property values) in those locations.³³ Forgetting the many shortcomings of the study, which even suggests a positive correlation between quarry activity and property values or tourism (this simply does not pass the straight face test), we simply note here that the Napa Valley mine produces only 500,000 tons a year, and does so by scraping, not blasting. The highest production volume for the Indio mine was 1.4 million tons, and it is currently producing less than 500,000 tons. Again, production is done here by scraping, not blasting. The proposed Liberty Quarry is scheduled to produce 5 million tons a year, or 10 times the production at either of these mines, with blasting occurring twice a day. The amount of noise, dust, and other pollution will be many orders of magnitude larger than these small scraping operations. The report even quotes the president of the Shadow Hills Homeowners Association, Todd Crowe, who claims that he did not even realize that Granite's Indio Mine was located within a short distance from his subdivision. The report does not realize that instead of demonstrating that the mine is not disruptive, the inadvertent revelation is

³¹ Husing (2008; 67)

³² Denis Ferguson, Chairman of the Board for the Temecula Valley Convention & Visitors Bureau, letter dated May 18, 2010, to Jeff Stone, Third District Supervisor, Riverside County Board of Supervisors.

³³ Wheeler's Market Intelligence (2011). "Analysis of Potential Impacts of Liberty Quarry on the Tourism Industry and Property Values in Temecula, California."

that the Indo mine is completely different from the proposed Liberty Quarry. Hence this is similar to comparing apples with oranges.³⁴ Finally, Napa Valley wine country is comprised of 225,000 acres and home to more than 400 wineries, while Temecula wine country has only 1,300 acres of planed vineyards with 33 wineries. In addition, the Napa quarry is not in the prevailing winds of Napa.

It seems self-evident that tourism will be negatively affected by the quarry's blasting, processing, and shipping activities. Even a 10 percent decline in tourist activities would have an annual economic impact of \$60.5 million. The present value is \$953.6 million.

To remain consistent with our theme of erring on the conservative side with our calculations, we have not painted a worst case scenario in our impact on tourism and did not include the loss of benefits to the governmental agencies resulting from sales, property, and transient oriented taxes. Thus the economic costs of lost tourism from the quarry would be even larger.

II.1.B.iv Agriculture

In the City of Temecula report, Husing notes that,

“Temecula is unique for an inland community in that an ocean sea breeze makes its way through a gap in the mountains. As a result, the city has a moderate climate and the area is home to over 20 wineries that are increasingly being noted for their fine varieties.”³⁵

The Temecula Valley has become well known for its wineries (“Temecula Wine Country”) but also has a substantial production of avocados, citrus, and other crops. Indeed, nearby Fallbrook claims that it is the “Avocado Capital of the World.” It is estimated that the current annual value of wine production in the Temecula Valley is between \$62.2 million and \$75 million. The annual value of commercial agriculture production in the San Jacinto/Temecula Valley was estimated to be \$130.1 million in 2009.³⁶

This industry is concerned about a large mining operation which would overwhelm the reputation of the area known for its agriculture and especially its wine country. Liberty Quarry would be located at the entrance to Riverside County from the south. Attempts to compare a smaller quarry in Napa Valley to Liberty Quarry would not be reasonable, since Napa Valley Wine Country is comprised of 225,000 acres encompassing almost the entire County of Napa. It is home to more than 400 wineries. Within that area, there are 45,000 acres of planted vineyards. Furthermore, the

³⁴ “Until being made aware of this study, I had no idea that the quarry was operating within such a short distance of our community... I thought Granite Construction had a corporate headquarters at the north end of Monroe Street but didn't know that they have been operating a massive quarry. Nothing related to Granite Construction or their quarry came before our HOA in a meeting setting nor did anyone approach me about any aspect of it during the five years I was president of the association. I have never heard noise from that direction or noticed any dust or anything like that coming from Granite's operation.” Wheeler's Market Intelligence (2011; 13).

³⁵ Husing (2008; 66)

³⁶ Riverside County Agricultural Production-2009, Riverside County Agricultural Commission, page 9.

Napa quarry is not situated in a prevailing winds situation of Napa, nor does it include daily blasting. By comparison, Temecula Wine Country is merely 1,300 acres of planted vineyards.

In addition, the industry is also concerned for the potentially damaging effects of the proposed Liberty Quarry on their crops, as evidenced by the slogan "wine country, not mine country." The Ontario (Canada) Ministry of Agriculture, Food & Rural Affairs has reported that,

"Agricultural crops can be injured when exposed to high concentrations of various air pollutants. Injury ranges from visible markings on the foliage, to reduced growth and yield, to premature death of the plant."³⁷

It is possible that quarry dust and pollutants may adversely affect plants and trees directly and also the bees that pollinate fruits. Since the wine industry is most likely to be the hardest hit by quarry pollution, we conservatively assume a 5% reduction in its annual value and a 1% reduction in the annual value of other crops. This gives a 2012 cost of \$4.1 million,³⁸ with a present value of \$63.9 million. It is safe to assume that Riverside County, and not just the City of Temecula, has a strong interest in expanding the visibility of the wine industry in the area. This industry is not only important to agriculture, but to tourism in this area.

II.1.B.v Health and the Quality of Life

Humans as well as plants and trees may be adversely affected by quarry dust and the noise and vibrations caused by daily blasting. The Husing report for the City of Temecula states that "Temecula's residents enjoy one of Southern California's finest lifestyles."³⁹ This lifestyle will be undermined by many consequences of the proposed quarry, including noise pollution, air pollution, the odor of asphalt, artificial lighting for nighttime operations, and increased travel times. The degradation of health and quality of life will have an enormous negative economic impact on the southwest Temecula region, irrespective of whether those impacts are individually defined the same as significant impacts under the California Environmental Quality Act (CEQA).

II.1.B.vi Santa Margarita Ecological Reserve

The Santa Margarita Ecological Reserve (SMER) contains more than 4,000 acres that include the first five miles of the Santa Margarita River, the longest free-flowing coastal river in southern California. The SMER is home for many endangered species and for many endemic species that are found nowhere else in the world.⁴⁰ Because of the ongoing research conducted by San Diego State University (SDSU) at this pristine site, SMER has been characterized as

³⁷ Ontario Ministry of Agriculture, Food & Rural Affairs, "Effects of Air Pollution on Agricultural Crops," June 2003

³⁸ $5\%(\$68.75) + 1\%(\$130.1 - 68.75) = \$4.1$

³⁹ Husing (2008; 66)

⁴⁰ Matt Rahn, Director, Field Stations Programs, San Diego State University, correspondence, June 15, 2010.

“an irreplaceable resource dedicated to understanding the most critical issues facing our nation, including climate change, wildfires, air pollution, earthquakes, water quality, invasive species, and endangered species.”⁴¹

SMER is adjacent to the proposed quarry site and all SDSU research sites are within 3.5 miles of the proposed quarry,⁴² and vulnerable to dust, light, noise, and water pollution. In its review of the Liberty Quarry proposal, SDSU writes that,

“[G]iven the anticipated breadth and depth of the impacts that are well documented from gravel mining operations, including those owned by Granite, we may no longer be able to function as an information generating entity in the future if this proposed mining operation is approved.”⁴³

Already, according to the Director of the SDSU Field Stations Programs, “[t]he exponential growth of research is being slowed by the potential threat of the proposed quarry.”⁴⁴

SDSU’s review of the quarry proposal includes a long list of potential negative effects on the SMER,⁴⁵ and the associated economic damage that might be done to this irreplaceable site, including its educational programs, outreach programs, biological importance, and cultural significance. The SMER no doubt has additional value far beyond funded on-site research. However we do not attempt to quantify the loss of SDSU’s SMER operations. We simply mention it here given the potential for Liberty Quarry to cause a significant economic loss to SDSU.

II.1.B.vii Costs

Table 3 summarizes our conservative estimates of some of the costs of the proposed Liberty Quarry for Riverside County residents. This is by no means a comprehensive list of all the negative costs associated with Liberty Quarry. Instead it offers a conservative glimpse of the negative economic impacts. As with the total benefits, the comparison can be made for a specific year (here 2012) or by comparing the present value of these future costs with that of the future benefits.

⁴¹ Matt Rahn.

⁴² San Diego State University, Review of Liberty Quarry DEIR # 475, July 2009, page 197

⁴³ San Diego State University, pages 187-8

⁴⁴ Matt Rahn, quoted in “Santa Margarita Ecological Reserve: The land that bridges time,” Fallbrook Bonsall Village News, November 17, 2006

⁴⁵ San Diego State University, pages 196-211

Table 3: Estimated Costs by the Rose Institute, Millions of 2005 dollars

	2012	Present Value
Driving costs	\$15.7	\$247.4
Residential property values		\$280.5
Commercial property values		negative
Tourism	\$60.5	\$953.6
Agriculture	\$4.1	\$63.9
Santa Margarita Ecological Reserve	negative	negative
Health and the quality of life	negative	negative
Total	(-) \$80.3 mill	(-) \$1,545.4 mill

Graph 2 compares the estimated cumulative benefits with the estimated cumulative costs over the life of the project. It clearly indicates that the economic costs of the project to the City of Temecula and Riverside County increasingly outstrip the economic benefits of the project over its expected life time.

Graph 2: Comparison of Total Cumulative Costs and Benefits, Liberty Quarry, 2012-2061

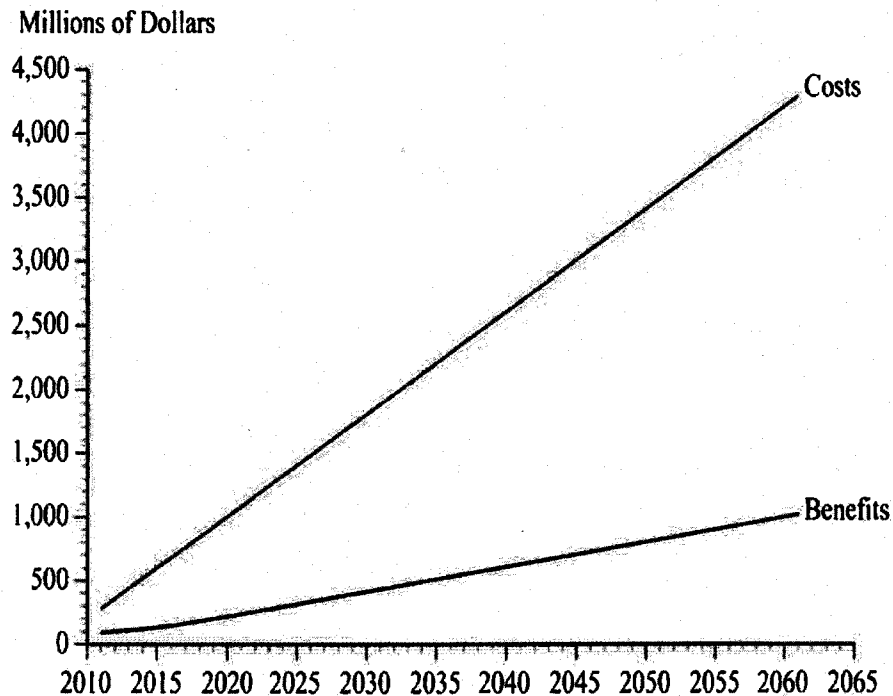


Table 4 Annual Benefits and Costs, millions of 2005 dollars

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Local Spending	90.9	10.3	9.0	9.6	11.4	13.1	19.4	17.6	18.3	18.2	19.5
TUMF	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MSHC	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Benefits	90.9	11.4	9.0	9.6	11.4	13.1	19.4	17.6	18.3	18.2	19.5
Property Values	280.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Driving Costs	0.0	15.7	15.7	15.7	15.7	15.7	15.7	15.7	15.7	15.7	15.7
Tourism	0.0	60.5	60.5	60.5	60.5	60.5	60.5	60.5	60.5	60.5	60.5
Agriculture	0.0	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Total Costs	280.5	80.3	80.3	80.3	80.3	80.3	80.3	80.3	80.3	80.3	80.3
Net	-189.6	-68.9	-71.3	-70.7	-68.9	-67.1	-60.8	-62.7	-62.0	-62.0	-60.8

II.1.B.vii.a Sensitivity Analysis

Throughout the analysis, we have used conservative estimates on costs. Recall that *Granite's Economic Report* did not include any costs and hence we could have simply focused the response on the listed benefits. However, we felt it necessary to consider some of the potential costs to give a more objective reading of the economic impact of the proposed quarry.

To emphasize that we have erred on the conservative size of the costs, we reiterate that we

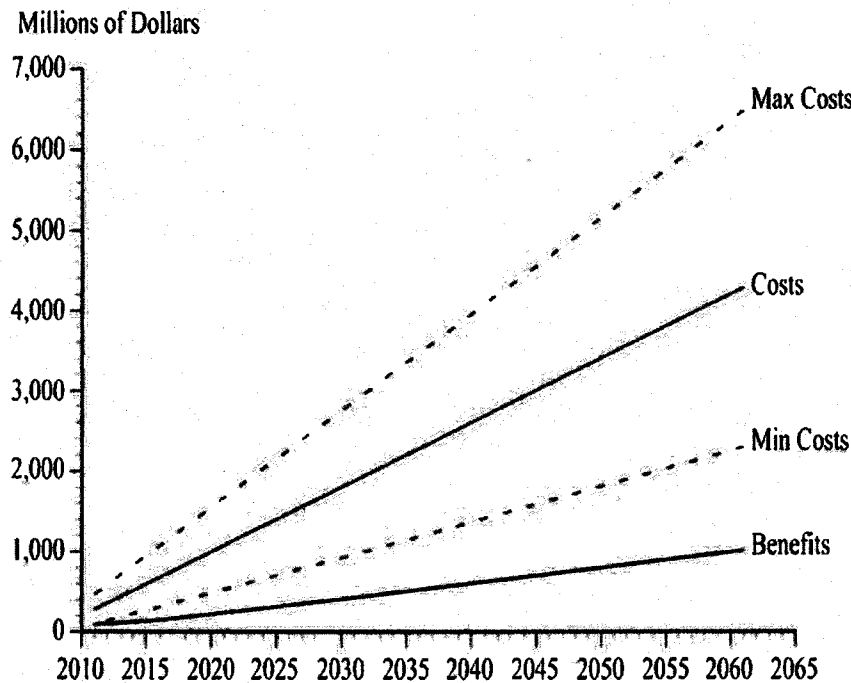
- assumed only a single person per vehicle in our analysis, whose time was only worth \$10 per hour;
- assumed no increase in traffic over the next 50-75 years;
- omitted negative effects on the value of existing commercial properties;
- omitted the negative effects on the quantity and quality of construction of new homes and businesses;
- omitted the negative effects on future tourism activities such as potential expansions of existing attractions;
- omitted the negative effects on health and the quality of life;
- omitted the negative effects on the Santa Margarita Ecological Reserve.

Regardless, we feel that we can add credibility to our estimates by assuming a range of our estimates, and by displaying the effect that these would have on the costs. We will focus on four areas here:

1. *Driving Costs.* The Soledad Canyon Project study referenced above used a range of 0.75 minutes to 1.5 minutes in increased driving time per person. So far, we employed the assumption of 1 minute in our calculations, despite the fact that daily truck traffic from the Liberty Quarry is projected to be 37 percent higher than was the case for the Soledad project. For a minimum/maximum range, we employ 0.75 minutes and 1.5 minutes.
2. *Property Values.* The Soledad Canyon Project study used a range of 2 percent to 6 percent for a three and a half-mile radius and 6 percent to 10 percent depreciation for a two mile radius. Even though the Liberty Quarry production is projected to be four times the size of the Soledad project, we employed a 6 percent figure in our study. For a minimum/maximum range, we will use 2 percent and 10 percent.
3. *Tourism.* Our assumption in the study was a modest 10 percent decline in tourism activity. For a minimum/maximum range, we will use figures of 5 percent and 15 percent.
4. *Agriculture.* For our study, we assumed a 5 percent reduction in the value of wine production and a 1 percent reduction in the value of other crops. For a minimum/maximum range, we will make calculations of 2.5 percent and 7.5 percent, and 0.5 percent and 1.5 percent, respectively.

This changes Graph 2 as follows:

Graph 3: Comparison of Total Cumulative Costs and Benefits, Liberty Quarry, 2012-2061, Sensitivity Analysis



Tables 5 and Tables 6 present the change in calculated costs under the more optimistic and pessimistic assumptions.

Table 5: Estimated Costs by the Rose Institute, Millions of 2005 dollars (minimum cost alternative)

	2012	Present Value
Driving costs	\$11.8	\$185.5
Residential property values		\$93.5
Commercial property values		negative
Tourism	\$30.3	\$467.8
Agriculture	\$2.0	\$32.0
Santa Margarita Ecological Reserve	negative	negative
Health and the quality of life	negative	negative
Total	(-) \$44.1 million	(-) \$778.8 million

Table 6: Estimated Costs by the Rose Institute, Millions of 2005 dollars (maximum cost alternative)

	2012	Present Value
Driving costs	\$23.5	\$371.1
Residential property values		\$467.5
Commercial property values		negative
Tourism	\$90.8	\$1,430.4
Agriculture	\$6.1	\$95.9
Santa Margarita Ecological Reserve	negative	negative
Health and the quality of life	negative	negative
Total	(-) \$120.4 million	(-) \$2,364.9 million

The point of the sensitivity analysis is to demonstrate that even if we consider costs that are unrealistically low, the overall costs outweigh the benefits of the project. In addition, the exercise demonstrates that under less conservative but not outrageous assumptions, the downside is potentially much more severe than what we showed in the main part of the analysis.

III. Conclusion

Granite's Economic Report asserts that the opening of the Liberty Quarry would yield tens of millions of dollars in benefits with no costs whatsoever. Hence it considers benefits only while

ignoring all costs. This is not a correct methodology to apply, nor is it in the spirit of standard economic analysis of a project's economic impacts. Yet the report also acknowledges that there is almost always local opposition to quarry operations. The implication is that local residents are naïve in not recognizing that living next to a quarry is an unmitigated blessing. Another possible explanation is that the local residents are well aware of substantial costs that *Granite's Economic Report* fails to consider.

Not only are the projected benefits shown in Table 2 much less than reported by *Granite's Economic Report* due to double counting and the inclusion of revenues that do not impact Riverside County, the projected costs shown in Table 3 are far larger, resulting in a significant net loss to the region. While we do not claim of having a reliable crystal ball to forecast all benefits and costs of the proposed quarry exactly, the magnitude of even these conservative costs clearly dwarf the benefits. The Liberty Quarry will be very profitable for Granite Construction Company, but very costly to the regional economy: the benefits to the community do not outweigh costs; not even close. It is also unlikely that Riverside County will benefit significantly from increased sales tax revenue, since Liberty Quarry will be run by a construction company that will likely use most of the quarry products in San Diego County.

We emphasize that much of our estimates are based on costs that are most likely understated: we have typically erred on the conservative side with our numbers. The true costs are likely to be much worse. However, even these understated conservative costs dwarf the economic benefits of the quarry and demonstrate how severe the negative economic impact will be to this region.

Southern California is abundantly rich in the natural resources for aggregate of this grade and quality and there are numerous feasible locations for a new quarry where the negative impacts would not be so large. Many of the projected benefits from the quarry would be approximately the same in other locations, but the costs would be substantially lower if the quarry were not located so close to this thriving community.

Finally, it is worth noting that Granite Construction Company, like many other businesses in the construction industry, has experienced particularly hard economic times during the Great Recession. The company experienced a large number of layoffs and also a \$46 million reported loss for the first half of 2010 alone. Part of the recent economic woes of Riverside County stem from the fact that it has relied heavily on job creation through the construction sector. To illustrate, Riverside County had an unemployment rate as low as 5.2% in May of 2007, only to see the unemployment rate peak at 15.4% in July of 2010 as a result of the Great Recession. This increase of over 10 percentage points is unprecedented in the area and it is hard to find similar hardship in other parts of the country with a few exceptions. Given the large inventory of housing stock and the number of properties already foreclosed with more of the same to come in the near future, job creation will certainly not come from a revival of the construction industry. Instead Riverside County will have to look to other sectors if it wants to improve its economic outlook. Part of the hoped-for growth may well come from the tourist industry as the United States and the Greater Los Angeles area and San Diego pull out of the Great Recession. Just as Riverside County has spent resources to be more supportive of foreign companies settling in the area and promoting exports, some of the job recovery may well come from tourism and leisure related activities such as Temecula's wine country, the Pechanga resort, Temecula's Old Town, etc. Having a quarry of the

size planned by Granite Construction Company in the Temecula area will not help the tourist industry in the Temecula area or the County and will not support the construction industry when job and output growth from this sector is bound to be depressed for years to come.

Appendix A

Present Value Calculation

In general, a present value answers the question "How much money do you have to invest now in order to have a certain future value?"

Since a sum of money invested now, called a principal (P), can earn interest (R), then the future value (F) after one year is determined as follows:

$$F_1 = P_0 \times (1 + R_1)$$

where the subscript indicates the year.

After two years, this would be

$$F_2 = P_1 \times (1 + R_2) = P_0 \times (1 + R_1) \times (1 + R_2)$$

and if the interest rate was the same in both periods, this would become

$$F_2 = P_0 \times (1 + R)^2$$

In general (after n years), you would have

$$F_n = P_0 \times (1 + R)^n$$

For example, if you invested \$1,000 at a rate of interest of 10%, or 0.1, then after 7 years you would have \$1,948.72, or you would have almost doubled the principal.

The present value can therefore be determined as follows:

$$P_0 = \frac{F_n}{(1 + R)^n}$$

The formula provides you with the answer to the following question: if someone offered you an IOU for \$1,948.72 in to be paid in 7 years time, how much is this promise of a future payment worth to you *now*? The answer is \$1,000.

Imagine that your child is a rising freshman in college and will attend a private college with a cost of \$50,000 a year in four years (and you will incur the same cost in each year of her education). Again, and perhaps heroically these days, you assume an interest rate of 10%. Then the present value is

$$P_0 = \frac{50,000}{(1+0.1)^4} + \frac{50,000}{(1+0.1)^5} + \frac{50,000}{(1+0.1)^6} + \frac{50,000}{(1+0.1)^7} = 119,078.30$$

which is quite steep, but it is not \$200,000. This is the amount you have to set aside today in order to finance the college expense four, five, six, and seven years down the road. Similarly, if your daughter went to a public university and had to pay \$25,000 a year in tuition and room and board, the present value would be just under \$60,000.

Present values are also used to calculate future liabilities of communities and the state for pensions. In other words, they can answer the question about how much money a community has to set aside in order to pay for future retirements of its current employees. The California lottery, similarly, allows you to either collect your winnings in a single sum or to be paid over a lengthy period of time. Clearly the lump sum payment is considerable less than the total of the payments if these were stretched out over 30 years.

Present value calculation also has the advantage to compare costs and benefits if these occur at different points in time and if they do not have a constant value. In this sense, present value calculation standardizes the costs and benefits and allows you to properly compare them. Following the EIA, the assumed rate of return in this report is 6% or 0.06.

Barton, Karen

From: Chase, Valerie
Sent: Monday, November 05, 2012 6:57 PM
To: Barton, Karen
Subject: Fwd: No Fast-Tracking, Liberty Quarry

Valerie Chase
Sent from my iPhone

Begin forwarded message:

From: Ann McKibben <atmckibben@roadrunner.com>
Date: November 4, 2012 9:13:19 PM PST
To: Jeff Stone <district3@rcbos.org>
Subject: No Fast-Tracking, Liberty Quarry

Dear Supervisor Stone –

I urge you to vote against fast-tracking the proposed Liberty Quarry project.

Below are the comments I sent to Supervisor Ashley.

Sincerely,

Ann McKibben
23296 Sonnet Drive
Moreno Valley, CA 92557-5403

From: Ann McKibben [<mailto:atmckibben@roadrunner.com>]
Sent: Sunday, November 04, 2012 9:07 PM
To: Marion Ashley (district5@rcbos.org)
Subject: No Fast-Tracking, Liberty Quarry

Dear Supervisor Ashley –

I don't support any efforts to fast track the proposed Liberty Quarry as requested by Supervisor John Benoit.

The public/tax payers deserve the opportunity to have their concerns heard before the county Planning Commission. How outrageous that this step would be skipped.

Having followed a number of projects as they have progressed through the county planning process, it is clear to me that project proponents have unlimited access to county planners and the supervisors' offices as they move their projects along through the planning process. Unfortunately, the public/tax payers do not have that access or the money to duplicate their efforts. We are limited to our 3 minutes to make our points at a hearing whereas the project

proponent can drone on, respond to questions, and 'reassure' the supervisors that they're doing the right thing.

It is up to you as a public servant, serving your constituents to protect our interests and be vigilant in protecting the public's ability to have their concerns heard through a full and adequate hearing process.

Thank you for considering my comments.

Sincerely,

Ann McKibben
23296 Sonnet Drive
Moreno Valley, CA 92557-5403
atmckibben@roadrunner.com

Barton, Karen

From: Harper-Ihem, Kecia
Sent: Monday, November 05, 2012 4:42 PM
To: Barton, Karen
Subject: FW: Pechanga Letter for November 6, 2012 Hearing on Fast Tracking of Surface Mining & Cote Cole Law firm Legal Services Agreement Approval
Attachments: PechangaFastTrackLibQNov6BOSFINAL.pdf;
Attachments1-4Pechanga20121106BOSLetter.pdf
Importance: High



Kecia Harper-Ihem
Clerk of the Board
Riverside County, Ca
ph. 951.955.1061 fax 951.955.1071
kharper-ihem@rcbos.org

Life's challenges are not supposed to paralyze you, they're supposed to help you discover who you are. - Bernice Johnson Reagon

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From: Seton Carr [<mailto:scarr@spmcdonaldlaw.com>]
Sent: Monday, November 05, 2012 4:36 PM
To: District1; District2; District3; District4 Supervisor John J Benoit; District5
Cc: Harper-Ihem, Kecia; Watts-Bazan, Karin; jmacarro@pechanga-nsn.gov; lburke@pechanga-nsn.gov; Courtcoyle@aol.com
Subject: Pechanga Letter for November 6, 2012 Hearing on Fast Tracking of Surface Mining & Cote Cole Law firm Legal Services Agreement Approval

Honorable Chairman and Members of the Riverside County Board of Supervisors,

Attached please find a letter with attachments from Courtney Ann Coyle, Attorney at Law, dated November 5, 2012, on behalf of the Pechanga Band of Luiseño Indians with regard to the fast tracking of surface mining

processing for the revised Liberty Quarry Project for the November 6, 2012, hearing, Item 3.9, strongly objecting to the award process status. Also with regard to Item 3.72, voicing our concern for the approval of the Legal Services Agreement with Derek Cole of Cota Cole Law firm for the Liberty Quarry Indemnification Agreements.

If you have any questions or have failed to receive any portion of this email submission, please contact me.

Thank you,

Seton Carr, Paralegal
for
Courtney Ann Coyle, Esq.

COURTNEY ANN COYLE
ATTORNEY AT LAW

HELD-PALMER HOUSE
1609 SOLEDAD AVENUE
LA JOLLA, CA USA 92037-3817

TELEPHONE: 858-454-8687 E-MAIL: COURTCOYLE@AOL.COM FACSIMILE: 858-454-8493

John F. Tavaglione, Chairman
County of Riverside, Board of Supervisors
4080 Lemon Street, 5th Floor
Riverside, CA 92501

November 5, 2012

Re: Board of Supervisors Hearing, November 6, 2012, OPPOSE Item 3.9, Award Fast Track Processing Status for the Revised Liberty Quarry Project; and CONCERN Item 3.72 (Revised Agenda) Approval of Legal Services Agreement with Derek Cole of Cota Cole Law for Liberty Quarry Indemnification Agreements

Dear Chairman Tavaglione and Honorable Members of the Board,

As you know, the Pechanga Band of Luiseño Indians (Tribe) opposed the proposed revisions to County ordinances to allow surface mines to be fast tracked and the proposed fast tracking of the revised Liberty Quarry. We attach here, our prior correspondence dated September 10, 2012, September 24, 2012, and October 1, 2012. We also incorporate by reference the full transcripts of the Board of Supervisors' hearings related to these issues held on September 11, 2012, September 25, 2012 and October 2, 2012.

Item 3.9: Fast Track Status Should Not Be Awarded for the Revised Quarry Plan for Many Reasons

Nothing has changed to alter the Tribe's position on fast tracking for surface mines generally or the revised Liberty Quarry Project in particular. The Tribe remains fully opposed to awarding fast track process for this controversial mine proposed in a highly sacred location and its woefully deficient EIR.

Granite's letter in response to concerns raised by the Tribe, City of Temecula and SOS, dated October 1, 2012, does not remedy the defects in the County's process or its record. Nor does it refute that some kinds of environmental impacts can be most effectively managed at a programmatic level and with programmatic mitigation, such as can be accomplished during adopting or amending an ordinance.

The claim that complex mining projects can easily meet the 90-day fast track timeline falls flat: Granite presents only arguments, not facts, to support its assertion. The record clearly shows that a 90-day timeline would be legally inadequate for both the County and the public to have meaningful review and analysis of the revised project, and Granite makes an unrealistic, non-factually based assumptions such

as that the County only needs one day to review and respond to the Department of Conservation's concerns on a given project.

Nor does Granite's letter address, in any way, several of the issues raised in the Tribe's correspondence, including concerns related to the revised Project's financial assurances, the pending Lead Agency Review Team (LART) audit of the County by the Department of Conservation, lack of consultation with tribal governments, and that the actions are the subject of pending litigation including filed applications for restraining orders.

The implication in Granite's letter that the only thing a local SMARA ordinance needs to do to be in accordance with state policy is to hold a public hearing, is overly simplistic and incorrect. Moreover, the argument that fast tracking is purely procedural and therefore should be of no public policy concern is without merit. The dividing line between substantive and procedural rights is not always easy to see. It is often the case that a given right has both a substantive and a procedural component. If procedural rights are limited or reduced, there is a strong likelihood that substantive rights will also be adversely affected, particularly under CEQA, as public participation - in its fullest sense - is an essential part of the CEQA process. (CEQA Guidelines section 15201.) The actions before the Board further muddy that line as there appears to be an overlap of legislative and adjudicative actions, all aimed at the same thing: to provide advantages to one applicant that have not been made available to others - an advantage that is patently antithetical to the public interest and the spirit, if not the requirement, of CEQA.

The bottom line is that the County consciously chose to cut the Mining & Geology Board out of pre-review of the County's amended ordinance and to cut the public out of environmental review of that amendment by adopting an exemption. While the exemption is now the subject of litigation, the Mining & Geology Board must still review the amended ordinance and may request the County to make changes to bring the amended ordinance into compliance with state policy either through direct review of the ordinance amendment, or through the LART review process. As of November 1, 2012, we understand that the County had not even submitted the amended ordinance to the Department for it to commence its review. If the County chooses to implement its amended ordinance at this time, it does so at its own risk.

We also remain concerned about the amended ordinance's potential to increase cumulative impacts and environmental harms throughout the County and carry forward each of our previous objections and concerns, including that mining projects already in the development pipeline, such as the reapplication for Liberty Quarry, should not be allowed the benefit of the new fast track ordinance. The view that Planning Commission review provides value to the process, and that the revised quarry project should not be fast tracked, is shared by John Roth, who was Chair of the County's Planning Commission during the Liberty Quarry public hearings in 2011. (See, attached letter from The Press Enterprise, dated October 28, 2012).

Further, the Tribe has received no response from the County regarding its September 26, 2012, letter to the County Land Development Committee (LDC) which offers additional support that the mine would not even qualify for fast tracking, among other concerns with the reapplication.

Finally, Granite's assertion in its letter that the Liberty Quarry has "no bearing" on the use of the common sense exemption under CEQA for the ordinance amendments, has no merit and is contradicted in the record itself in which references to the quarry are intertwined with fast tracking. The County failed to make even a minimal showing that it even considered potential environmental impacts, engaging in no fact finding whatsoever. Indeed, if it were correct that the Liberty Quarry reapplication had "no bearing" on the common sense exemption, that would mean that the County would be intentionally ignoring the evidence that it has already received, including evidence incorporated by reference in this letter, that the fast track process more than arguably has the potential for adverse environmental effects. Ignoring such evidence would be an prejudicial abuse of discretion that would not be in compliance with the law.

We do appreciate that the Board has assumed jurisdiction for the fast track authorization that might occur for the proposed Liberty Quarry. This way, the Board can be held more directly accountable to the voters. However, as is discussed below, that Granite is positioned to indemnify the County for the fast track litigation, filed solely against the County, only serves to confirm that the revised Liberty Quarry Project was the catalyst for the amendments to the County ordinance in the first place.

For these reasons, and that there is no urgent schedule need to consider fast tracking at this date, the Board should act with prudence, not haste, and reject the request to fast track the revised quarry, or in the alternative, table the fast track issue until the pending litigation on the ordinance amendments is resolved and the Mining and Geology Board review completed.

Item 3.72 (Revised Agenda) Approval of Legal Services Agreement with Derek Cole of Cota Cole Law for Liberty Quarry Indemnification Agreements

First, this agenda item, added after publication of the original agenda, does not provide adequate notice to the public of the actions requested of the Board by the Executive Office/County Counsel. The backup materials appear to not only be requesting approval for retention of Mr. Cota by the County, but separately to be requesting approval of a Joint Defense and Confidentiality Agreement between the County and Granite. These are two very different actions, subject to two separate approvals, and should have been clearly noticed as such to the public.

Second, the documents also give pause in that the Board may not make the most balanced public policy decisions when a private entity, with a pending project before the County, is footing the bill for the County's sole legal defense, not just for actions related to a particular project, but regarding matters of purported general applicability. This kind of arrangement, rather unusual for an ordinance amendment of supposed general application, erodes accountability of decision makers, as they may incorrectly believe it does not matter what they do since it "won't cost the County anything". To the contrary, how the Board conducts itself in this matter still matters greatly to the Tribe and the public.

Third, the documents are also ambiguous in key respects. For example, the Joint Defense and Confidentiality Agreement does not specify to which legal counsel for the County and Granite it applies.

We also remain concerned that Granite's legal counsel for the revised quarry application has placed itself in an unenviable position of potential conflict between two clients - Granite and the County - that

may not be waivable. There are potentially significant inconsistencies between the Consent to Joint Representation, dated June 4, 2012, and the terms of the Joint Defense and Confidentiality Agreement, executed by Granite October 30, 2012. For example, the executed Consent to Joint Representation states that the representation will be joint and that both parties will have the right to learn the substance of the firm's communications with either Granite or the County.

However, the Joint Defense and Confidentiality Agreement, Section 15(a) Disclaimers and Waivers states that,

Notwithstanding any other provision or term in this Agreement, this Agreement is not intended to be, nor shall it be, construed to create a joint attorney-client relationship as between the Parties and their counsel. Each attorney does, and shall, represent its pre-existing client(s) only and no other relationship with any other Party shall arise by implication from this Agreement. No duty of loyalty (as opposed to a duty of confidentiality) between the Parties or an attorney for anyone other than the attorney's own client(s) shall arise expressly, or by implication, from this Agreement.

Further, Joint Defense and Confidentiality Agreement, Section 15(a) Disclaimers and Waivers states that,

Each Party hereby waives the right to seek the disqualification of any attorney representing any Party to this Agreement in this Action based on such attorney's access to Confidential Information which is disclosed or exchanged by and among the Parties and/or their counsel.

This, taken with the following paragraph from the Joint Representation Letter, raises serious concerns about whose interest joint legal counsel is truly representing:

In the unlikely event that an actual conflict of interest arises, we will notify the Parties immediately of that fact. **In this event, Granite and the County agree that our office will continue to represent the interests of Granite exclusively, due to this office's long previous relationship with Granite, and that the County will retain its own separate legal counsel, at Granite's expense, to represent the County's individual interests henceforth, unless our office and the Parties agree to a different solution.** (Emphases original).

While our letter is not meant to provide an ethics opinion, the arrangement as presented above does not appear in the public interest. These agreements raise significant questions of whether counsel can jointly represent both clients competently. A lawyer's competent performance of legal services includes the duty to represent the client with undivided loyalty and to exercise independent judgment on the client's behalf. No matter what disclosure is made, a client cannot waive a conflict that makes it unlikely that the lawyer can represent the client competently. Moreover, the Board should carefully consider whether the attorney in joint representation with the County is acting in the public interest, at the direction of County Counsel and not have a potential for divided loyalty to anyone else.

Similarly, it appears insufficient information has been provided to the parties to demonstrate that they were informed of the potential adverse consequences of joint representation including the potential to pursue claims against one another or that negotiations between the same county and joint counsel regarding mitigation, fees and other obligations would need to occur on the revised application. Such factual inquiry is not demonstrated in the agreements. Revealing too little information about the conflicting representation can render a client's consent invalid. These issues should also be of concern to the Board.

Review of these documents by trusted, independent counsel for the County is strongly urged, prior to any execution.

Conclusion

In sum, we do not understand why the County is going out of its way to accommodate an applicant for a denied project. We also do not understand why the County is assuming unnecessary public policy and other risks to accommodate one applicant, whose project only questionably could even meet the fast track criteria.

We hope that common sense prevails, and that a majority of the Board will not award fast track status to this proposed project, and would instead allow the revised application the full and rigorous public review and debate it merits. Secondly, we hope that the County will see that its interests are not well aligned with that of Granite, particularly because Granite has a pending revised quarry application before it, and decline to enter into the Agreements as drafted.

Either way, the Tribe will continue to do everything in its power to stop the Project and protect its one and only Place of Creation and Origin.

Thank you for your courtesy and consideration.

Very truly yours,

Courtney Ann Coyle
Courtney Ann Coyle
Attorney at Law *mrc*

Attachments

CC: Clerk of the Board
Karin Watts-Bazan, Office of County Counsel
John Macarro, Pechanga, Office of General Counsel
Louise Burke, Pechanga, Tribal Council Secretary