



## **INITIAL STATEMENT OF REASONS**

### **PROPOSED NEW REGULATIONS FOR DESIGNATION OF MINERAL LANDS IN THE GREATER SACRAMENTO AREA PRODUCTION-CONSUMPTION REGION**

#### **TITLE 14. NATURAL RESOURCES Division 2. Department of Conservation Chapter 8. Mining and Geology Subchapter 1. State Mining and Geology Board Article 2. Areas Designation to be of Regional Significance**

#### **GENERAL PURPOSE AND CONDITION ADDRESSED**

Article 6 of the Surface Mining and Reclamation Act of 1975 (SMARA), commencing with Public Resources Code (PRC) section 2790, provides for the State Mining and Geology Board (Board), based upon mineral information from the State Geologist pursuant to subdivision (d) of PRC section 2761, to adopt in regulation specific geographic areas of the state as areas of statewide or regional mineral resource significance and specify the boundaries of those areas.

Aggregate, which is a collection of sand, gravel, and crushed rock, is used to provide bulk and strength to Portland cement concrete (PCC), asphaltic concrete (AC), Class II Base, and other aggregate commodities such as subbase, drain, and fill. The material specifications for PCC and AC aggregates are more restrictive than specifications for the other commodities. Given these restrictions, deposits acceptable for use as PCC or AC aggregate are the scarcest and most valuable aggregate resources. Because aggregate is a low unit-value, high bulk-weight commodity, it must be obtained from nearby sources to minimize economic and environmental costs associated with transportation.

To ensure that mineral materials will be available when needed and do not become inaccessible because of inadequate information during the land-use decision making process, the State Geologist identifies and classifies lands containing significant mineral deposits. The classification of these lands is published by the California Geological Survey (CGS) in Mineral Land Classification reports. These reports identify resources areas that fall under:

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- PRC 2761(b)(1) - An area that contains mineral deposits and is not of regional or statewide significance.
- PRC 2761(b)(2) – An area that contains mineral deposits and is of regional or statewide significance.
- PRC 2761(b)(3) – An area that contains mineral deposits, the significance of which requires further evaluation.

To be considered significant for the purpose of classification, a mineral deposit, or group of mineral deposits that can be mined as a unit, must meet marketability and threshold value criteria adopted by the Board. Threshold values are intended to indicate the approximate minimum size of a mineral deposit that will be considered for classification and designation. The value criteria vary for different mineral deposits depending on their uniqueness and commodity-type category. The threshold value of construction materials in 2017 and 2020 was \$20.25 million and \$22 million, respectively, and the price of concrete-grade aggregate in the GSA P-C region ranged from \$9 to \$22 per ton, so to be considered significant, a deposit of construction materials must contain at least 1.22 million tons of aggregate material.

In 2018, CGS produced a mineral land classification report (Special Report 245) on a newly denoted Greater Sacramento Area (GSA) Production-Consumption (P-C) Region. This report combined the Sacramento-Fairfield and Yuba City-Marysville P-C Regions, the Sacramento County study area, and the western portions of the Nevada, Placer, and El Dorado study areas into a single P-C region along with newly classified lands within Yuba, Sutter, Solano, and Yolo counties. As a result, about 2,580 square miles of classified land was combined with about 3,500 square miles of unclassified land to form a single approximately 6,080 square mile P-C Region.

Nine previous mineral land classification studies conducted between 1988 and 2010 evaluated portions of the GSA P-C region and identified a total of 85 sectors to be of regional or statewide significance. Special Report 245 incorporated and updated information from these previous studies to evaluate the mineral resource potential for PCC and AC grade aggregate within the GSA P-C region and showed that only some of the sectors are of significance presently: Sectors 1 through 43, 45, 46, 48, 49, 50, 52, 54 through 70, 72, 73, 75, 77, 78, 79, 81, 82, and 83 (Plate 1A, Plate 1B). Sectors 44, 47, 51, 53, 71, 74, 76, 80, 84, and 85 were either depleted by mining, lost to incompatible land uses, or determined to no longer be significant upon re-evaluation. Additionally, Special Report 245 identifies nine new sectors (Sectors 86 through 94) of significance.

On January 19, 2022, the acting State Geologist recommended for designation select mineral resource lands in the GSA P-C Region. This decision was largely guided by Special Report 245. In Special Report 245, the State Geologist identified several candidates, or areas, which meet or exceed the Board's threshold economic value, thus qualifying each area to be considered for designation as an area of regional or statewide significance.

Additionally, Teichert Material submitted a petition for a reclassification of a project area as MRZ-2 for PCC aggregate under 2761(b)(2). This petition was for a 277-acre project area on the Shifler Property, which is located approximately 3 miles west of the town of Woodland in Yolo County. Special Report 245 had initially classified approximately 90 acres of the northern portion of the project area as MRZ-2 (2761(b)(2)), classified about 1.5 acres of the eastern portion of the project area as MRZ-1 (2761(b)(1)), and classified the majority of the remaining project area as MRZ-3 (2761(b)(3)). The petition requested that the entire area be classified as regionally significant under 2761(b)(2).

The petition included drill logs that showed the presence of construction aggregate at mineable depths throughout the project area. In 2021, CGS produced a mineral land classification report (Special Report 255) for the Shifler property and subsequently re-classified the entire proposed mining project area within the property as regionally significant due to the presence of PCC grade aggregate. On January 4, 2021, the State Geologist recommended the Board accept the Shifler Property petition and at its January 21, 2021 regular business meeting, the Board accepted the request for petition. On May 20, 2021, the Board accepted Special Report 255.

As urban expansion continues in the GSA P-C region, areas containing mineral resource deposits are threatened to be developed with alternative land uses. Consequently, it is important that land-use decisions be made with consideration to the presence and importance of local aggregate resources. The proposed new regulations, California Code of Regulations, article 2, section 3550.18, are intended to establish mineral lands that are designated by the Board as having regional significance within the GSA P-C Region and reflect the findings in Special Reports 245 and 255.

#### Public Input Efforts Preceding this Rulemaking

Extensive public outreach has been conducted regarding the regulations. The Board conducted pre-rulemaking workshops on January 23, 2024 with representatives from the lead agencies and on February 27, 2024 with members of the general public. Additional comments from Board members and members of industry were received during the presentation of Special Report 245 at the February 14, 2019 Board regular business meeting and the presentation of Special Report 255 at the May 20, 2021 Board regular business meeting.

## **SPECIFIC PURPOSE, RATIONALE, AND BENEFITS OF EACH REGULATION**

PRC Section 2790 provides the SMGB the authority to adopt regulations that establish state policy for the designation of mineral lands of statewide or regional significance. PRC section 2790 states that after receipt of mineral information from the State Geologist, the Board may, by regulation adopted after a public hearing, designate specific geographic areas of the state as areas of statewide or regional significance and specify the boundaries thereof. Such designation shall be included as a part of the state policy and shall indicate the reason for which the particular area designated is of significance to the state or region, the adverse effects that might result from premature development of incompatible land uses, the advantages that might be achieved from extraction of the minerals of the area, and the specific goals and policies to protect against the premature incompatible development of the area. This regulation is necessary to designate mineral resources consistent with these statutory goals. Urban expansion continues in the region, threatening to preclude mineral resource extraction. Consequently, it is important that land-use decisions be made recognizing the presence and importance of local aggregate resources. The purpose of the designation is to provide local governments with the information needed to protect areas of construction aggregate from development incompatible with mining. This information is particularly important because the designated areas are located in close proximity to the densely populated Sacramento region. Protection of these resources will allow aggregate to be transported to this region via the shortest distance possible for use. This will reduce transportation impacts including greenhouse gas emissions. Without this designation, areas with minerals and areas surrounding minerals may be developed in ways that are incompatible with mining. As a result, construction aggregate would have to be transported over longer distances, increasing cost and adverse environmental impact.

In addition, there is a substantial and important disparity between the geographic distribution of mineral resources and population centers within the Greater Sacramento region. Only a minor proportion of resources are located near population centers. If these resources become depleted or precluded due to land use changes, a significant increase in cost to the aggregate consumer and to the state in general should be expected, in the form of increasing aggregate cost, road wear and tear, traffic congestion, greenhouse gas emissions, and air pollution.

**Section 3550.18** defines the areas for designation due to the significant presence of construction aggregate deposits. The purpose of including each area is to ensure that the mineral resource potential of the land is recognized and considered before

local land-use decisions are made that could preclude development of the mineral resource. As previously stated, because these aggregates are a low unit-value, high bulk-weight commodity, the aggregate deposits need to be located proximally to the areas where the aggregates will be used, else the cost of transportation will quickly render use of the aggregates infeasible. Consequently, there is inherent benefit to designate lands where construction aggregates are located to facilitate land-use decisions that are compatible with extraction of the aggregates. As transportation distances of aggregates increase, so do fuel consumption, greenhouse gas emissions, air pollution, traffic congestion, road maintenance costs, and construction costs. The benefit of this designation will be local land use decisions that take mineral resources into account, with the resulting reduction in transportation impacts if resources are developed.

### **CEQA COMPLIANCE**

The Board has determined that this rulemaking process is categorically exempt under Title 14, CCR section 15307 of the California Environmental Quality Act Guidelines. Thus, there is no environmental impact in considering the proposed regulatory language.

### **ECONOMIC IMPACT**

The Board has made the following determinations, based in part on the Economic Impact Analysis prepared for this proposed amended regulation:

**Mandate on local agencies and school districts:** Board staff determined that adoption of this regulation will impose mandates on lead agencies in the sense that under PRC section 2762, lead agencies who have received a new or updated designation in their area are required to update their Mineral Resource Management Policies in their General Plan within 12 months of the classification or designation. Board staff determined that adoption of this regulation does not impose any new mandates on local school districts.

**Costs or savings to any State agency:** Board staff determined this proposed regulation does not impose any additional cost obligations on state agencies.

**Cost to any local agency or school district which must be reimbursed in accordance with Government Code §§ 17500 through 17630:** Board staff determined that this proposed regulation imposes costs of between \$70,000 and \$130,000 in the first year and between \$0 and \$60,000 in the second year on local land use lead agencies. These amounts are cumulative expenses predicted to be incurred by the eight lead agencies in the GSA region. However, under PRC section 2207(e) local lead agencies may impose a fee on mining operations to cover the

costs of SMARA administration, thus there is no unfunded local mandate. School districts are not affected by the regulation.

**Other non-discretionary costs or savings imposed upon local agencies:** Board staff determined that there are no other non-discretionary costs or savings to local agencies are imposed by the proposed regulations.

**Cost or savings in federal funding to the State:** Board staff determined that there are no costs or savings in federal funding to the State.

**Significant statewide adverse economic impact directly affecting business including the ability of California businesses to compete with businesses in other states:** Board staff determined that no statewide adverse impacts to California businesses result from the adoption of this proposed regulatory language. The imposition of the proposed new regulation will have no cost impact on businesses, and no existing businesses in California will be expanded or eliminated. The proposed regulatory language serves as a planning tool for local government (counties and cities) and considering future land use as it relates to surface mining of aggregates.

**Potential cost impact on private persons or directly affected businesses:** Board staff has determined that the proposed regulatory language will not have a potential cost impact on private persons.

**Creation or elimination of jobs in California:** Board staff has determined that the adoption of these regulations will not:

- Create nor eliminate jobs within California;
- Create new nor eliminate existing businesses within California;
- Expand businesses currently doing business in California.

Board staff have determined that the adoption of this regulation will benefit the health and welfare of California residents and the state's environment by providing sufficient information for local governments to reduce transportation costs for aggregate minerals by refraining from permitting incompatible uses near in and near designated mineral zones.

**Significant effect on housing costs:** Board staff has determined that the adoption of these regulations will have no significant effect on housing costs.

**Effects on small businesses:** Board staff has determined that the designation of mineral lands areas will have no effect on small businesses. The imposition of the proposed amendment will have no cost impact on small businesses. The proposed regulatory language allows lead agencies to consider the regional significance of mineral lands designated by the Board when making land use decisions but does not impose any fees or costs to business as part of that consideration.

## **ALTERNATIVES CONSIDERED**

One alternative to designating mineral lands in the GSA P-C region considered was to perform no such designation. This alternative was rejected based on the determination that the preservation of proximal mineable aggregate was necessary to meet the aggregate demands of the region and avoid the consequences of long-distance transportation of aggregate discussed in greater detail in the General Purpose section.

No other alternatives have been considered by the Board at this time that would be more effective in carrying out the purpose for which the regulatory action is proposed, nor have any other alternatives been proposed that would be as effective and less burdensome to affected private persons, lead agencies, or small businesses. Furthermore, no alternative has been considered by the Board at this time that would more cost effective and equally as effective to affected private persons, lead agencies, or small businesses.

### **CONSISTENCY WITH FEDERAL REGULATIONS**

This regulation change does not duplicate nor conflict with existing Federal statutes or regulations. Also, by Memorandum of Understanding with the Federal Bureau of Land Management, the U. S. Forest Service, the Department of Conservation, and the Board, SMARA and federal law are coordinated to eliminate duplication.

### **CONSISTENCY WITH STATE REGULATIONS**

The proposed regulations are not inconsistent nor incompatible with existing state regulations.

### **DOCUMENTS RELIED UPON**

- The Economic Impact Analysis and STD 399 for the proposed regulations.
- Austin P. C. (2009). *Balance diagnostics for comparing the distribution of baseline covariates between treatment groups in propensity-score matched samples*. *Statistics in medicine*, 28(25), 3083–3107.  
<https://doi.org/10.1002/sim.3697>
- Berck, P., (2005). *Working Paper 994, A Note on the Environmental Costs of Aggregates*. Department of Agricultural and Resource Economics and Policy, Division of Agriculture and Natural Resources, University of California at Berkeley. <https://nature.berkeley.edu/pberck/Research/WP%20994%20Berck-Aggregates%20IV.pdf>
- Bohlen, Steven R., (2022, January 19). *Memorandum: Designation of the Greater Sacramento Area Production-Consumption Region*. Department of Conservation.
- The California Environmental Quality Act (CEQA).  
<https://wildlife.ca.gov/Conservation/Environmental-Review/CEQA#:~:text=The%20California%20Environmental%20Quality%20Act>

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- Ford, George S. (May 2022). *What is the Effect of Rock Quarries on Home Prices? An Empirical Analysis of Three Cities*. Phoenix Center Policy Paper No. 57. <http://dx.doi.org/10.2139/ssrn.4159781>
- Marquis, G. (2021). *Mineral Land Classification of the Teichert Shifler Property, Yolo County, California for Portland Cement Concrete Aggregate* (Special Report 255). Department of Conservation.
- Neelawala, Prasad et. al. (2012). *The impact of mining and smelting activities on property values: a study of Mount Isa city, Queensland, Australia*. *The Australian Journal of Agricultural and Resource Economics*, 57, pp. 60–78. doi: 10.1111/j.1467-8489.2012.00604.x
- O'Neal, M., & Gius, F. (2018). *Mineral Land Classification: Concrete Aggregate in the Greater Sacramento Area Production-Consumption Region* (Special Report 245). Department of Conservation.
- State Mining and Geology Board. (2021, May 20). *Regular Business Conformed Minutes*.
- State Mining and Geology Board. (2019, February 14). *Regular Business Conformed Minutes*.
- State Mining and Geology Board. (1977/1979/1983/2000). *Special Publication 51: State Policy for Surface Mining and Reclamation Practice*. Department of Conservation.
- State Mining and Geology Board (January 2024). *Lead Agency Economic Survey and Responses*.
- State of California Department of Finance. *Gross State Product*. <https://dof.ca.gov/forecasting/economics/economic-indicators/gross-state-product/>

### **INCORPORATION BY REFERENCE**

As the maps referenced in the regulation are large and cumbersome, it would be unduly expensive and otherwise impractical to publish them in the California Code of Regulations. However, the maps are readily available in the offices of the Board, as well as published on the Board's website.