

CHAPTER 1.0

Introduction and Environmental Review Process

1.1 History and Overview of Proposed Project

The Idaho-Maryland Mine Company (IMMC, or project applicant) proposes to reopen the historic Idaho-Maryland Mine for gold mining and to operate a ceramics plant that would produce a variety of marketable ceramic tile products from mine waste product. The Idaho-Maryland Mine project site (project site) encompasses a total of 146 acres of land within the City of Grass Valley and unincorporated Nevada County. Three properties comprise the project site: (1) the Idaho-Maryland site (101 acres); (2) the New Brunswick site (37 acres); and the Round Hole site (1-acre easement on 8-acre parcel). As part of the proposed project, IMMC has submitted applications to annex the Idaho-Maryland site into the City of Grass Valley, amend the City of Grass Valley's General Plan to accommodate the proposed use of the Idaho-Maryland site, and to prezone the Idaho-Maryland site to be consistent with the proposed General Plan amendment and proposed use of the site.

The MEA, published in June 2006, was the first part of a three-phase environmental review process and was prepared pursuant to the applicable provisions of the California Environmental Quality Act (CEQA) and its implementing guidelines (CEQA Guidelines). The City of Grass Valley (City) is the lead agency for the CEQA process. Since the publication of the MEA, the project applicant has revised the project description and all project related applications to the City. Based upon those changes, the second part of the three-phase environmental review process, the Initial Study was prepared and published in September 2007. The Initial Study summarized the analysis presented in the MEA for each resource area and describes how the analysis would or could change based upon the project applicant's proposed changes to the project. Concurrently, the Notice of Preparation of an Environmental Impact Report (EIR) was released, resulting in the start of phase three. This three-phase environmental review process is described below.

1.1.1 Master Environmental Assessment

CEQA Guidelines Section 15169 defines the general purpose of an MEA as an informational document which may contain an inventory or database for all or a portion of the territory for which a public agency has control, and which may be used or referenced in EIRs or Negative Declarations. Common uses of an MEA are to identify the environmental characteristics and constraints of an area, and to provide information which agencies can use in initial studies to decide whether certain environmental effects are likely to occur and whether certain effects will

be significant. In all cases, an MEA is an informational document and is not a decision document that needs to be certified or adopted by a lead agency.

The purpose of the MEA performed for the proposed project was to:

- Review existing data and technical information regarding the property and the proposed mine and ceramics plant construction and operations;
- Evaluate the adequacy of this information to support the City of Grass Valley's independent environmental impact assessment of the proposed project; and
- Determine whether supplemental data gathering and analysis would be required to satisfy CEQA requirements.

The MEA process included identification and gathering of existing information and reports. As the lead consultant, Environmental Science Associates (ESA) and its subconsultants conducted an independent peer review of applicable studies and reports, and identified data gaps and deficiencies. During this review phase, an inventory of regulatory requirements and a review of applicable City of Grass Valley and Nevada County plans and policies was also undertaken.

The MEA was prepared in the format of an "expanded" Initial Study using the Environmental Checklist found in Appendix G of the CEQA Guidelines. For each resource area, the potential impacts of the proposed project were assessed using the existing application documents and other available data and studies. For some resource areas (e.g., biological resources, cultural resources, noise, etc.), limited field reconnaissance and/or desk-top calculations were conducted to support the assessment or to determine if more rigorous studies would be required to support a full CEQA analysis.

As part of the MEA process, the City held two community workshops for the public and one meeting for interested agencies. On January 25, 2006, the City held two community workshops to solicit public comments on the proposed project. The workshops were held to identify additional issues that should be considered for evaluation as part of the environmental review process. The workshops were held at Veterans Memorial Hall located at 255 South Auburn Street in Grass Valley, California. The format and content of the two workshops was identical; two different time slots (one in the afternoon and one in the evening) were provided to accommodate different schedules.

On February 28, 2006, the City hosted an agency workshop for the proposed project in the Hullender Room at the Grass Valley City Hall, 125 East Main Street, Grass Valley, California. The purpose of the meeting was to introduce the project to local and state agencies and discuss the City's approach for the three-phased environmental review process. Although the City planned to hold a formal scoping meeting later, because of the nature and complexity of this project, the City was interested in providing interested agencies with an opportunity to meet with the City and become familiar with the project.

1.1.2 Initial Study and Notice of Preparation

After publication of the MEA, the project applicant revised the project description and all project related applications to the City in an effort to lessen and/or avoid potentially significant impacts identified in the MEA. An Initial Study was prepared that focused on analysis of the revised project description and all project related applications to the City. On September 7, 2007, pursuant to the State CEQA Guideline (Sections 21080.4 and 15082(a)), the City provided a Notice of Preparation (NOP) for the Proposed Project to inform responsible and trustee agencies as well as other interested parties that an EIR would be prepared for the proposed project. The NOP and Initial Study were released concurrently and available for public review and comment for 33-days from September 7, 2007 to October 9, 2007.

Public Review, Comments and Scoping

In addition to information provide in the NOP, the City further notified the public about the public scoping meeting through a newspaper legal advertisement and the project website. The public and agency scoping meetings were conducted by the City to solicit input on the potential environmental effects of the proposed project and recommended mitigation measures and alternatives. The scoping meetings were held on September 20, 2007 with an agency scoping meeting being held from 2:00 p.m. to 4:00 p.m. at Hullender Room, Grass Valley City Hall, 123 East Main St., Grass Valley, California; followed by a public scoping meeting held from 6:00 p.m. to 8:00 p.m. at the Love Building, Condon Park, Minnie Street off Butler Street, Grass Valley, California.

During the public scoping meeting participants were able to comment on the scope of issues to be included in the EIR. Written comments were also collected throughout the public comment period. There were 27 oral comments received at the public scoping meeting and 60 letters or e-mails received during and after the scoping period.

Appendix A to this EIR contains the Scoping Report, which includes a copy of the NOP, the NOP mailing list, a detailed description of all verbal and written comments received, transcripts of the oral comments, and copies of the written comments.

All scoping comments were considered in the preparation of this EIR, except for those comments outside the scope of CEQA review. The Scoping Report in Appendix A is a compilation of all scoping comments received. The overarching themes in the written and oral comments received are as follows:

- Potential impacts to health and air quality from construction and operations
- Potential impacts related to transport, use and disposal of hazardous materials
- Potential impacts to water quality and ground water supply in the project area
- Potential impacts to biological resources including wetlands, Wolf Creek and South Fork Wolf Creek as associated habitat and species
- Potential impacts caused by noise and vibration to near by residences and business
- Potential impacts to traffic caused by increased population and operations

1.1.3 Environmental Impact Report

CEQA Guidelines Section 15063(b)(1) requires that, before a decision can be made by a state or local government agency to approve a project with potentially significant environmental effects, an EIR must be prepared that fully describes the environmental effects of the project. The EIR is an informational document for use by governmental agencies and the public. It is intended to identify and evaluate potential environmental consequences of the proposed project, to identify mitigation measures that would lessen or avoid significant adverse impacts, and to examine feasible alternatives to the project. The information contained in the EIR is reviewed and considered by the lead agency prior to its action to approve, disapprove, or modify the proposed project.

An EIR prepared for this project is intended to inform the City, responsible and trustee agencies, and the public, of the proposed project's environmental effects as well as to publicly disclose those environmental impacts that may be significant and adverse, identify the possible measures that would mitigate or avoid such impacts, and describe a reasonable range of alternatives to the project. The EIR will consist of two documents: 1) this Draft EIR and, 2) a Response to Comments document that will address comments received on this Draft EIR. Together, these two documents will comprise the Final EIR for the proposed project.

Draft Environmental Impact Report

This Draft EIR is being made available to local and state agencies to review and comment on the report. Written comments may be submitted to the City during the 45-day public review period. Verbal and written comments on this Draft EIR will be accepted via regular mail, fax, and e-mail and at a noticed public meeting (either noticed in this document or under separate cover). All comments received will be addressed in a Response to Comments addendum document.

This Draft EIR identifies the environmental impacts of the proposed project on the existing environment, indicates how those impacts will be mitigated or avoided, and identifies and evaluates alternatives to the proposed project. This document is intended to provide the City with the information required to exercise its jurisdictional responsibilities with respect to the proposed project, which would be considered at a separate noticed public meeting of the City.

CEQA requires that a Lead Agency shall neither approve nor implement a project as proposed unless the significant environmental impacts have been reduced to an acceptable level. An acceptable level is defined as eliminating, avoiding or substantially lessening significant environmental effects to below a level of significance. If the Lead Agency approves the project, even though significant impacts identified in the final EIR cannot be fully mitigated, the Lead Agency must state in writing the reasons for its action. Findings and a Statement of Overriding Considerations (SOC) must be included in the record of project approval and mentioned in the Notice of Determination (NOD).

Response to Comments/Final Environmental Impact Report

Following the Draft EIR public review period, responses to all comments received on the adequacy of the Draft EIR and submitted within the specified 45-day review period will be prepared and included in a response to comments document, which together with the Draft EIR, will constitute the Final EIR for the project. Public Resources Code Section 21092.5 requires the lead agency to provide a written proposal response to each public agency that commented on the EIR. The City will provide the Final EIR to all agencies as well as a notice of availability to all organization and individuals that comment on the EIR at least 10 days prior to a public hearing where the Grass Valley City Council will decide whether or not to certify the EIR as being in compliance with CEQA. The Final EIR will also be available to the general public during this time.

1.2 Project Objectives

This section complies with CEQA Guidelines Section 15124(b) which requires that the project description contain a clearly written statement of objectives, including the underlying purpose of the project. The Idaho-Maryland Mining Corporation seeks to reopen the historical Idaho-Maryland Mine in accordance with all applicable federal, state, and local laws and regulations for the purposes of:

- Dewatering and rehabilitating the historic Idaho-Maryland Mine workings to transform the site from an underutilized and environmentally contaminated site into an operational mine and ceramics plant that provides for historic, educational and economic opportunities, as well as a tourist and cultural attraction;
- Conducting underground resource exploration and development;
- Developing the industrial mineral and gold ore deposits;
- Processing the precious and industrial mineral deposits to produce gold and manufactured stone and ceramic building products, thereby reducing the environmental impacts of the project and creating marketable building products within California;
- Operating and maintaining for the life of the project (estimated to be 20 or more years, based on current projections) while maintaining flexibility to adapt and adjust to changing economic and market conditions to provide a prudent investment, balancing initial startup and long-term costs; and
- Performing reclamation activities at the project sites at the conclusion of the project.

1.3 Agency Use of This Document

Section 15124(d) of the State CEQA Guidelines requires that an EIR contain a statement briefly describing the intended uses of the EIR. The State CEQA Guidelines indicate that the EIR should identify the ways in which the Lead Agency and any responsible agencies would use this document in their approval or permitting processes. The following discussion summarizes the roles of the agencies and the intended uses of the EIR.

1.3.1 City of Grass Valley's Process

The City is the Lead Agency for the evaluation of IMMC's proposed project under CEQA and the mining permit and reclamation plan pursuant to the SMARA. The City and Nevada County entered into a Memorandum of Understanding (MOU) in May 2006 which allows the project permitting to occur with the City as the lead agency. In accordance with the MOU, the City has primary responsibility for approval decisions regarding the proposed project. This EIR will be used by the City, in conjunction with other information related to the City's application process, to act on IMMC's applications. Under CEQA requirements, the City will determine the adequacy of the Final EIR and, if adequate, will certify the document as complying with CEQA. The City Council will also act on IMMC's applications. If the City approves a project with significant and unmitigable impacts, it must state why in a "Statement of Overriding Considerations," which would be included in the City's decision on the applications. Both the certification of the EIR and action on IMMC's applications would occur at a Grass Valley City Council public hearing.

1.3.2 Other Agencies

Several other State agencies will rely on information in this EIR to inform them in their decision over issuance of specific permits related to project construction or operation. In addition to the City, local Nevada County agencies as well as State agencies such as the Department of Transportation, Occupational Safety and Health Administration (DOSH), Department of Conservation, Mining and Geology Board, Department of Fish and Game, Regional Water Quality Control Board, and Northern Sierra Air Quality Management District would be involved in reviewing and/or approving the project. On the federal level, agencies with potential reviewing and/or permitting authority include the Bureau of Alcohol, Tobacco, Firearms and Explosives, Mine Safety and Health Administration, U.S. Army Corps of Engineers, and the US Fish and Wildlife Service.

IMMC would obtain permits, approvals, and licenses as needed from, and would participate in reviews and consultations as needed with, federal, state, and local agencies as shown in Table 1-1.

1.4 Issues Considered and Found Not to be Significant

Since the MEA was prepared (City of Grass Valley, 2006), the project description for the proposed project has been revised by the applicant. The analysis of the Initial Study (IS) (City of Grass Valley, 2007) focused on this revised project description and the potential for the conclusions of the MEA to be affected by these changes. The IS concluded that there would be no impacts related to *Agricultural Resources* (Section 4.2 of the IS). The IS also concluded that certain specific issues associated with *Biological Resources* (Section 4.4 of the IS); *Geology, Soils, and Seismicity and Mineral Resources* (Section 4.6 of the IS); *Hazards and Hazardous Materials* (Section 4.7 of the IS); *Hydrology and Water Quality* (Section 4.8 of the IS); *Land Use and Planning* (Section 4.9 of the IS); *Noise* (Section 4.10 of the IS); *Population and Housing* (Section 4.11 of the IS); and *Public Services* (Section 4.12 of the IS) would have no impact. Therefore, these sections are summarized below and are incorporated into this EIR by reference and the identified issues will not be addressed further in this document.

**TABLE 1-1
SUMMARY OF POTENTIAL PERMIT REQUIREMENTS**

Agency	Permits
Federal Agencies	
Bureau of Alcohol, Tobacco, Firearms and Explosives Mine Safety and Health Administration (MSHA)	Storage and Use of Explosives Legal Identity Report
U.S. Army Corps of Engineers	Section 404 Permit for discharge to jurisdictional waters of the U.S.
U.S. Fish and Wildlife Service - Sacramento Valley Branch	Possible Federal Endangered Species Act Section 7 consultation
State Agencies	
California Dept. of Transportation (CalTrans)	Encroachment Permit
California / Occupational Safety and Health Administration (DOSH)	Notification of commencement of underground operations
California Department of Conservation, Mining and Geology Board	Review and approval of Mineral Management and Reclamation Plan
California Department of Fish and Game	<ul style="list-style-type: none"> • Section 1601 - Streambed Alteration Agreement • Possible California Endangered Species Act Consultation and 2081 Permit
Central Valley Regional Water Quality Control Board (CVRWQCB)	NPDES, Section 401 Water Quality Certificate
State Water Resources Control Board (SWRCB)	Same as and in conjunction with CVRWQCB
Northern Sierra Air Quality Management District	Air permit to construct Air permit to operate
Local Agencies	
City of Grass Valley	<ul style="list-style-type: none"> • Mine Use Permit • Formal Development Review • General Plan Amendment • Rezone/Prezone • Annexation • Reclamation Plan • Use Permit on behalf of Nevada County
Nevada County Sheriff's Department	Storage and use of explosives (i.e., blasting)
Nevada County LAFCo	Annexation approval

1.4.1 Agricultural Resources

The IS analysis shows that the project sites are designated by the Farmland Mapping and Monitoring Program of California Department of Conservation as *Urban and Built-Up Land* and *Other Land* and thus, that proposed project activities would not result in conversion of land designated as *Prime Farmland*, *Farmland of Statewide Importance*, or *Unique Farmland*. None of the project sites, or immediately surrounding sites, are zoned for agricultural uses and, while Nevada County does have a Williamson Act Contract program, the project sites are not located within a Williamson Act Contract. Therefore, the proposed project would not result in any impacts to agriculture resources. These impacts will not be addressed further in the EIR.

1.4.2 Biological Resources

The IS found that there are no adopted habitat conservation or natural community conservation plans in the project area. Therefore, the proposed project would have no impact to adopted habitat conservation or natural community conservation plans. This impact will not be addressed further in this EIR.

1.4.3 Geology, Soils, Seismicity, and Mineral Resources

The IS found that the proposed project would not result in impacts related to fault rupture hazards, inadequate soils for wastewater disposal, and loss of availability of a known mineral resource or of a locally-important mineral resource recovery site. Therefore, the proposed project would have no impacts related to fault rupture hazards, inadequate soils for wastewater disposal, and loss of availability of a known mineral resource or of a locally-important mineral resource recovery site. These impacts will not be addressed further in the EIR.

1.4.4 Hazards and Hazardous Materials

The IS found that the proposed project would not be located within one-quarter mile of an existing or proposed school site. It found that the proposed project would not result in a hazard associated with its proximity to the nearby Nevada County Airstrip located approximately 1.5 miles from the project area because the airport is a relatively small airport with infrequent general aviation activity; no impacts would result from proximity to an airstrip because there are no private airstrips in the vicinity. Finally, the IS found that the project would not interfere with implementation of an existing emergency response or evacuation plan because of its relatively remote location. Therefore, there would be no impacts related to the proposed project's proximity to a school, an airport, or a private airstrip. These impacts will not be addressed further in the EIR.

1.4.5 Hydrology and Water Quality

The IS found that the proposed project would not result in impacts related to placement of housing or structures within a 100-year flood hazard area or exposure of people to hazards associated with inundation by seiches, tsunamis, or mudflows. Therefore, there would be no impacts related to placement of housing or structures within a 100-year flood hazard area or exposure of people to hazards associated with inundation by seiches, tsunamis, or mudflows. These impacts will not be addressed further in the EIR.

1.4.6 Land Use and Planning

The IS found that the main mining operations would occur on contiguous parcels and that the proposed project would not construct roadways or buildings that would result in the physical division of an established community. In addition, the IS found that there are no adopted habitat conservation or natural community conservation plans that are applicable to the project site. Therefore, the proposed project would not result in impacts related to the physical division of an established community or potential conflicts with an adopted habitat or natural community conservation plan. These impacts will not be addressed further in the EIR.

1.4.7 Noise

The IS found that impacts associated with project proximity to a public or public use airport to be less than significant because the 65 dB CNEL contour for the nearby airport does not extend to any portion of the project sites, and therefore, the project would not expose people at the project sites to excessive noise levels from an airport. Additionally, the IA found that there would be no impacts related to exposure of people to excessive noise levels from a private airstrip because the project sites are not located within the vicinity of a private airstrip. Therefore, impacts associated with project proximity to a public or public use airport would be less than significant and there would be no impacts related to proximity to a private airstrip. These impacts will not be addressed further in the EIR.

1.4.8 Population and Housing

The IS found that the proposed project would not displace existing persons at the project sites because there are no persons currently residing at the project sites. Therefore, there would be no impacts associated with displacement of persons. This impact will not be addressed further in the EIR.

1.4.9 Public Services

The IS found that impacts to schools would be less than significant because any increased enrollment at local schools would be mitigated by payment of state-mandated fees. The IS also found impacts to childcare services to be less than significant because the number of children under the age of 5 that would require childcare services as a result of operation of the proposed project would not be significant. Therefore, impacts to schools and childcare services would be less than significant. These impacts will not be addressed further in the EIR.

1.4.10 Utilities

The IS found that the proposed project would minimize or eliminate the solid waste that would require offsite disposal as related to mine tailings because it would either be used in the manufacturing of ceramic brick, tile, and building materials and/or be used as backfill material within the underground mine workings. Therefore, solid waste impacts from mine tailings will not be addressed further in the EIR.

1.5 Reader's Guide to This EIR

This EIR is organized as follows:

Executive Summary. Provides a summary description of the proposed project, respective environmental impacts including cumulative and growth related impacts. Also provides a tabulation of the impacts and mitigation measures for the proposed project.

Chapter 1.0, Introduction. Provides a discussion of the background, environmental process, project objectives, and outlines the public agency use of the EIR.

Chapter 2.0, Project Description. Provides a detailed description of the proposed project.

Chapter 3.0, Alternatives and Cumulative Projects. Provides a description of the alternatives screening and evaluation process, description of alternatives analyzed in Section 5. Also identifies the cumulative projects considered in the analysis of cumulative impacts.

Chapter 4.0, Environmental Analysis. Provides a comprehensive analysis and assessment of impacts and mitigation measures for the proposed project. This section is divided into main sections for each environmental issue area (e.g., Air Quality, Biological Resources) that contain the environmental settings, regulatory setting, significance criteria, impacts and mitigations.

Chapter 5.0, Comparison of Alternatives. Identifies the CEQA Environmentally Superior Alternative and provides a discussion of the relative advantages and disadvantages of the proposed project and the alternatives that were evaluated.

Chapter 6.0, CEQA Statutory Sections. Provides a discussion of growth-inducing impacts, irreversible environmental changes, and cumulative impacts.

Chapter 7.0, Report Preparers. Identifies the primary authors of this Draft EIR.

Chapter 8.0, Mitigation Monitoring, Reporting, and Compliance Plan. Provides a discussion of the City's mitigation monitoring program requirements for the project as approved by the City.

References – Introduction and Environmental Review Process

ESA, 2006. *Idaho-Maryland Mine Project Master Environmental Assessment*, prepared for the City of Grass Valley Planning Department, June 2006

ESA, 2007. *Idaho-Maryland Mine Project Initial Study*, prepared for the City of Grass Valley Planning Department, September 2007