

February 2, 1988

Re: Kaiser Cement

Mr. Lucas S. Stamos
Department of Planning & Development
70 West Hedding Street
San Jose, CA 95110

Dear Mr. Stamos:

Thank you for the opportunity of meeting with you and Mr. Bratton in December to discuss Kaiser Cement Corporation's plan to install new equipment to facilitate the incidental crushing of rock mined from our Permanente quarry. This letter is in response to your request that we set forth in writing our specific proposal and questions.

Specifically, we would like your comments on the following questions:

1. Is the proposed crushing of waste quarry products incident to our ongoing quarrying operations included within our grand-fathered quarry use?

2. Is the proposed crushing of waste quarry products incident to our ongoing aggregate and cement manufacturing operations included as an accessory use within our existing use permit?

BACKGROUND

Our property at Permanente includes a limestone quarry and a cement manufacturing plant. The quarry has been operating since around the turn of the century. The cement operations commenced subsequent to the issuance of the use permit therefor in May of 1939. The quarry is a conforming use pursuant to section 38-7 of Article 38 of the County's Ordinances. We have crushed rock to sell as commercial rock products for many years. In July of 1956, the matter of crushing facilities for the processing of waste rock for commercial sale was brought to the attention

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of the County Planning Commission. At a meeting of the Commission on July 25, 1956, the Commission indicated that no new permit was needed for such activities.

The crushing and sale of commercial rock products follow naturally from our quarrying and cement operations because the limestone deposit at Permanente does not contain an abundance of the kind of high-grade stone (i.e., high in the percentage of calcium carbonate) which is used in the making of cement. Thus, a good deal of quarried rock would otherwise be a waste product which would have to be disposed of in some fashion.

Over the years the "waste" rock has been disposed of by selling much of it as sub-base, base rock, treated base, coarse rock, unprocessed rock, and bank run fill. The tonnages of all stone mined from the quarry during the last three years is as follows:

	<u>1985</u>	<u>1986</u>	<u>1987</u>
TOTAL QUARRY HARVEST	4,553,625	4,518,070	4,441,295
CEMENT PLANT DEMAND	1,565,131	1,897,663	1,956,769
COMMERCIAL ROCK SALES			
SUB BASE	311,049	325,807	124,627
BASE ROCK	523,397	342,162	262,048
TREATED BASE	23,127	9,657	20,381
COARSE ROCK	855,476	749,642	655,311
UNPROCESSED	79,105	72,758	32,141
BANK RUN FILL	736,894	105,228	177,318
TOTAL COMMERCIAL ROCK	2,529,048	1,605,254	1,261,826

As the table illustrates, the total cement plant demand is increasing. In order to meet that increased demand, it will be necessary for us to continue to harvest the quarry at least at present levels. At a time when the demand for our rock products is decreasing, such harvesting levels will produce much more "waste" rock than we can use. This imbalance between the supply and demand for such rock creates serious storage problems and, unless we can find new ways to use the excess "waste" rock, will result in its loss of use as a valuable resource.

We have determined that a solution to this problem would be to crush and process a portion of the waste rock

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which is called "diabase." Diabase is not suitable in any quantity for cement manufacture and may only be blended very sparingly into the present commercial rock products because of quality control constraints. By itself, however, diabase will make a good quality mineral aggregate. Thus, our proposal to crush, process and sell diabase.

The diabase rock could be treated by our existing facility, but that would require substantial modifications and it would be difficult to safely isolate the diabase from the other rock being processed. Additionally, we already have a large quantity of such mined rock ready for processing located on a portion of our property near where the old wet kilns were located prior to plant modernization in 1981. This location is a considerable distance from the existing crushing facility. We, therefore, propose locating portable crushing-handling equipment near the existing rock stockpile.

Our preliminary equipment and layout engineering is complete and we have provided the general arrangement drawings to you. We have filed for a construction permit with the Bay Area Air Pollution Control District and anticipate that a permit will issue in the next two months. The plans call for the use of dust surfactant sprays, covered conveyors and dust collectors. The proposed air permit would limit the hours of operation to 16 hours per day. The equipment would be sheltered from the view of surrounding neighbors by the perimeter hills around Permanente as illustrated on the topographical maps which we have given to you.

The diabase operation will increase truck traffic over that of 1987, but it will not cause an increase over the truck traffic of past years, such as 1985, when bank run fill was being sold in higher quantities than today. The increase in product sales facilitated by the new equipment will not cause a linear increase in rock product sales, however, since the new production will replace the "unprocessed" rock shown in the above table. Additionally, some of the "coarse rock" now being shipped will be processed and shipped as part of the new mineral aggregate. The offsetting tonnage will represent approximately one-third of the new equipment's expected output of 500,000 tons per year.

We believe that section 36-4(d) of the County's Ordinances permits our proposal because the proposed crushing

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and processing is properly part of the surface mining operation. Additionally, as noted above, the County has already indicated that crushing and processing of waste rock is an included use within our existing operations. We further believe that the efficient disposition of waste rock is an environmentally sound practice which has long-term benefits for the people of Santa Clara County.

Please keep in mind that in no event do we wish to modify our existing use permit.

We look forward to your comments and would be happy to meet with you at your earliest convenience. Please let us know if we can supply you with any further information.

Thank you for your consideration and advice.

Sincerely,

F. A. Nelson
Vice President and General
Manager
Kaiser Cement Corporation
Northern California Region