



**TERRAMAX, INC.**

CONSULTING ♦ ENGINEERING

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November 17, 2017

Amy Eschberger  
Environmental Protection Specialist  
State of Colorado  
Division of Reclamation, Mining and Safety (DRMS)  
1313 Sherman Street, Room 215  
Denver, CO 80203

*sent via email [Amy.Eschberger@state.co.us](mailto:Amy.Eschberger@state.co.us) no hard copy sent unless specifically requested*

**RE:      *DRMS Permit M-1978-327 Kauffman #1 Pit  
Surety Reduction (SR) Application***

Amy,

On behalf of Jake Kauffman & Son, Inc. (JKS) I am happy to respectfully submit this formal request for Surety Reduction (SR) for the Kauffman #1 (K-1) Pit. As you are aware this Pit was subject to a June 27 Area Reduction #2 (AR-02) for 9.1 acres of Pastureland on the east end of the permit property.

Moreover, however, the Pit's Surety has become out of date, and no longer accurately reflects the relatively minor actual reclamation still required.

It is our finding and proposal that the required Surety for completion of the K-1 Pit reclamation be based on the following major elements:

1. Distribution, or haul and distribution, of the inert recycle materials present at the on-site recycling operation just east of the Boyd Lake Outfall Ditch.
  - a. The material has resale value for use as construction fill, including gravel-road and driveway type surfacing, structural or select fill, and other uses.
  - b. The resale value should exceed any relocation or reclamation cost of the material, as has been the case for recycle materials from this operation for some years within the life of this Pit.
  - c. Nonetheless, JKS understands that in the case of an operator default and reclamation via Surety by the State, expedience without reliance on market conditions would be required.
  - d. As a result, JKS suggests providing Surety in an amount sufficient to relocate and place / backfill the material immediately to the west, at the existing shallow fines pond area (southwest Unlined Lake area).
    - i. This backfill area has been reclaimed as Outdoor Storage, per the DRMS Reclamation Permit provisions, as well as the current governing Larimer County zoning.

- ii. The Outdoor Storage can be expanded as needed into the adjacent shallow fines pond / southwest Unlined Lake to the west.
  - iii. The fines pond is under a "pre-1981" augmentation exemption for exposed water surface, per the Colorado Division of Water Resources (DWR).
  - iv. There is still a benefit to the State, DWR, and area water rights holders and water users to any additional backfilling of the fines pond, although there is no water rights benefit or advantage to be gained by JKS.
  - v. There would be no reseeding required for either the backfill area or the remaining recycle area following the stockpile distribution for the Outdoor Storage after-use.
- e. It should be noted that much of the recycle area and related stockpiles are within the City of Loveland's Boyd Lake Avenue right-of-way (ROW) property, by arrangement with the City.
  - i. JKS is willing to consider all material stockpiles, including those on the City's property in the Surety amount, to minimize the complexity of the reclamation plan and cost estimate.
2. The entry road / haul road is required for import and export of materials from this site.
  - a. The haul road is to remain for the Industrial after-use of the property, per the approved Larimer County zoning.
3. Other Pit areas are near complete and subject to intermittent access, and Pit- and operation-related activities.
  - a. Final reclamation of these areas would primarily consist of minimal grading of the Outdoor Storage areas.
  - b. The other areas are essentially reclaimed, but are still needed for site access.

For purposes of this SR application, then, the primary remaining reclamation activity would be distribution, or minor haul plus distribution, of the inert stockpile construction materials from the recycle operation.

The related cost model for this reclamation would be as follows:

<b>Item</b>	<b>Unit</b>	<b>Unit Cost</b>	<b>Quantity</b>	<b>Ext Cost</b>
Material Stockpile Disposition Placement & compaction	CY	\$ 0.85/CY*	15,000	\$ 12,750
( a ) Total Direct Costs (total of above item costs)				\$ 12,750
( b ) Overhead & Profit at 10% of line (a)				\$ 1,275
( c ) Total Direct and O&P Costs – lines (a) + (b)				\$ 14,025
( d ) Engineering & Project Management at 5% of line ( c )				\$ 702
<b>Total Proposed Financial Surety</b>				<b>\$ 14,727</b>

*\* carried forward from 2006 SR calculation correspondence with DRMS.*

The net reduction in Surety would be from the current \$84,440 to the proposed \$14,727, equaling a \$69,713 reduction, or about 82.5 percent of the prior bonding level, which conforms with what we believe is the current remaining reclamation activity on-site.

Amy, this concludes our request for Surety Reduction for the Jake Kauffman & Son, Inc. Kauffman #1 Pit remaining reclamation. Please feel free to call or write me with any questions or concerns regarding this request. I look forward to working with you and your team in the coming weeks to successfully conclude this SR application.

Respectfully submitted,

**Terramax, Inc.**



**Daniel P. Giroux, P.E.**  
President



