

AGREEMENT TO FURNISH SAND AND GRAVEL ANNUAL SITE
INSPECTIONS, AND RELATED SERVICES ASSOCIATED WITH SURFACE
MINING AND RECLAMATION ACT COMPLIANCE

This agreement is made and entered into this 2nd day of February, 2010, between the City of Redlands, a municipal corporation (hereinafter “City”) and EnviroMINE, Inc, (hereinafter “Consultant”). City and Consultant are sometimes individually referred to herein as “Party” and, together, as the “Parties.” In consideration of the mutual promises, covenant and conditions hereinafter set forth, City and consultant hereby agree as follows:

Article 1

ENGAGEMENT OF CONSULTANT

Section 1.1 City hereby engages Consultant, and Consultant hereby accepts the engagement, to perform surface mining compliance services (the “Services”) in support of the City’s requirements as set forth by the City Development Code, Section 18.156.49, Article 11, Surface Mining and Land Reclamation and the Surface Mining and Reclamation Act of 1975 (as amended).

Section 1.2 The Services shall be performed by consultant in a professional manner, and Consultant represents that it has the skill and the professional expertise necessary to provide high quality Services for the Project at the level of competency presently maintained by others practicing similar types of services.

Article 2

SERVICES OF CONSULTANT

Section 2.1 The specific Services which Consultant shall perform are more particularly described in Exhibit “A,” entitled “Proposal to Provide Surface Mine Compliance Services for the Cities of Highland and Redlands,” which is attached hereto and incorporated herein by this reference. If there is any conflict between this Agreement, without reference to Exhibit “A” controls.

Article 3

RESPONSIBILITIES OF CITY

Section 3.1 City shall make available to Consultant information in its possession that is relevant to the performance of Consultant’s Services.

Section 3.2 City will provide access to, and make provision for, Consultant to enter upon surface mining sites regulated by the City as required by Consultant to perform the Services.

Section 3.3 City designates its Community Development Director, Oscar Orci, to act as its representative to Consultant with respect to the Services to be performed under this agreement.

Article 4

PERIOD OF SERVICES

Section 4.1 Consultant shall perform the Services in a diligent manner in accordance with the schedules setforth in Exhibit "A," or as otherwise mutually agreed upon by City's representative and Consultant when specific Services are assigned.

Article 5

PAYMENTS TO THE CONSULTANT

Section 5.1 Compensation for Consultant's performance of the Services will be reimbursed for actual labor and materials expenses as outlined in Exhibit "A." City shall pay Consultant on a time and materials basis at the hourly rates shown in Exhibit "A".

Section 5.2 Consultant shall bill City within ten days following the close of each month by submitting an invoice indicating the Services performed, who performed the Services, indirect costs, and the detailed cost of all Services including backup documentation. Payments by City to Consultant shall be made within thirty (30) days after receipt and approval of Consultant's invoice, by warrant payable to Consultant.

Section 5.3 All contractual notices, bills and payments shall be made in writing and may be given by personal delivery or by mail. Notices, bills and payments sent by mail shall be addressed as follows:

City of Redlands

Oscar Orci
Community Development Director
City of Redlands
P.O. Box 3005
Redlands, CA 92373

Consultant

Warren R. Coalson
President
EnviroMINE, Inc.
3511 Camino Del Rio South
Suite 403
San Diego, CA 92108

When so addressed, such notices shall be deemed given upon deposit in the United States Mail. In all other instances, notices, bill and payments shall be deemed given at the time of actual delivery. Changes may be made in the names and addresses of the person to whom notices, bills and payments are to be given by giving notice pursuant to this Section 5.3.

Article 6

INSURANCE AND INDEMNIFICATION

Section 6.1 Consultant's Insurance to be Primary. All insurance required by this Agreement shall be maintained by Consultant for the duration of the Project, and shall be primary with respect to City and non-contributing to any insurance or self-insurance maintained by City.

Section 6.2 Workers' Compensation and Employers' Liability.

- A. Consultant shall secure and maintain Workers' Compensation and Employers' Liability insurance for its employees throughout the duration of the Project pursuant to Labor Code sections 3700 and 1860, in an amount which meets statutory requirements, with an insurance carrier acceptable to City. The insurance policy shall include a provision prohibiting the policy's modification or cancellation except upon thirty (30) days prior written notice to City. Consultant shall execute and deliver to City a Workers' Compensation Insurance Certificate prior to commencement of the Project.
- B. Consultant expressly waives all rights to subrogation against City and its elected officials, officers and employees, for losses arising from work performed by Consultant's immunity for injuries to Consultant's employees. Consultant agrees that the obligation to indemnify, defend and hold harmless provided for in this Agreement extends to any claim brought by, or on behalf of, any employee of Consultant. This waiver is mutually negotiated by the Parties.

Section 6.3 Hold Harmless and Indemnification. Consultant shall indemnify, hold harmless and defend City and its elected officials, employees and agents from and against any and all claims, losses and liability, including attorneys' fees, arising from injury or death to persons or damage to property occasioned by any act or omission of Consultant, and its officers, employees and agents, in performing the Project.

Section 6.4 Assignment. Consultant is expressly prohibited from assigning any of the work associated with the Project without prior written consent of City. In the event of mutual agreement by the Parties to assign a portion of the Project, Consultant shall add the assignee as an additional insured to its insurance policies and provide City with the insurance endorsements prior to any work being performed by the assignee. Assignment does not include printing or other customary reimbursable expenses that may be provided for in this Agreement.

Section 6.5 Comprehensive General Liability Insurance. Consultant shall secure and maintain in force throughout the duration of the Project comprehensive general liability insurance, with carriers acceptable to City, with minimum coverage of One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) aggregate for public liability, property damage and personal injury. City shall be named as an additional insured and the

insurance policy shall include a provision prohibiting its modification or cancellation except upon thirty (30) days prior written notice to City. A certificate of insurance and endorsements shall be delivered to City prior to commencement of the Project.

Section 6.6 Business Auto Liability Insurance. Consultant shall have business automobile liability coverage, with minimum limits of One Million dollars (\$1,000, 000) per occurrence, combined single limit for bodily injury liability and property damage liability. This coverage shall include all consultant owned vehicles used on the project, hired and non-owned vehicles, and employee non-ownership vehicles. City shall be named as an additional insured and the insurance policy shall include a provision prohibiting its modification or cancellation except upon thirty (30) days prior written notice to City. Certificate of insurance with endorsements shall be delivered to City prior to commencement of the Project.

Article 7

CONFLICTS OF INTEREST

Section 7.1 Consultant covenants and represents that it does not have any investment or interest in real property which would be affected in any manner or degree by the performance of Consultant's Services. Consultant further covenants and represents that in the performance of its duties hereunder, no person having any such interest shall perform any Services under this Agreement.

Section 7.2 Consultant agrees it is not a designated employee within the meaning of the Political Reform Act because Consultant

Does not make or participate in:

- (1) the making or any governmental decision regarding approval of a rate, rule or regulation, or the adoption or enforcement of laws;
- (2) the issuance, denial, suspension or revocation of permits, licenses, applications, certifications, approvals, orders or similar authorizations or entitlements;
- (3) authorizing City to enter into, modify or renew a contract;
- (4) granting City approval to a contract that requires City approval and to which City is a party, or to the specifications for such a contract;
- (5) granting City approval to a plan, design, report, study or similar item;
- (6) adapting, or granting City approval of, policies, standards or guidelines for City

- B. Does not serve in a staff capacity with City and in that capacity participate in making a governmental decision or otherwise perform the same of substantially all the same duties for City that would otherwise be performed by an individual holding a position specified in City's Conflict of Interest Code under Government Code section 87302.

Section 7.3 In the event City officially determines that Consultant must disclose its financial interests by completing and filing a Fair Political Practices Commission Form 700, Statement of Economic Interests, Consultant shall file the Form 700 with the City Clerk's office.

Article 8

GENERAL CONSIDERATIONS

Section 8.1 In the event any action is commenced to enforce or interpret any of the terms or conditions of this Agreement the prevailing party shall, in addition to any costs and other relief, be entitled to the recovery of its reasonable attorney's fees, including fees for the use of in-house counsel by a Party.

Section 8.2 Consultant shall not assign any of the Services required by this Agreement, except with the prior written approval of City and in strict compliance with the terms, provisions and conditions of this Agreement.

Section 8.3 All documents, records, drawings, designs, cost estimates, electronic data files, and databases, and other Project documents developed by the Consultant pursuant to this Agreement shall become the property of City and shall be delivered to City upon completion of the Services or upon the request of City. Any reuse of such documents for other projects and any use of incomplete documents will be at City's sole risk.

Section 8.4 Consultant is for all purposes an independent Consultant. All personnel employed by Consultant are for its account only, and in no event shall Consultant or any personnel retained by it be deemed to have been employed by City or engaged by City for the account of, or on behalf of City.

Section 8.5 Unless earlier terminated, as provided for below, this Agreement shall terminate upon completion and acceptance by City of the Services.

Section 8.6 This Agreement may be terminated by either party by providing thirty (30) calendar days prior written notice to the other (delivered by certified mail, return receipt requested) of intent to terminate.

Section 8.7 Upon receipt of a termination notice, Consultant shall (1) promptly discontinue all services affected, and (2) deliver or otherwise make available to City, copies (in both hard and electronic form, where applicable), of any data, design, calculations, drawings, specifications, reports, estimates, summaries and such other information and materials as may have been accumulated by Consultant in performing the Services required by this Agreement.

Section 8.8 Consultant shall maintain books and accounts of al Project related payroll costs and all expenses. Such books shall be available at all reasonable times for examination by the City at the office of Consultant.

Section 8.9 This Agreement, including the attachment incorporated herein by reference, represents the entire agreement and understanding between the Parties and any prior negotiations, proposals or oral agreements are superseded by this Agreement. Any amendment to this Agreement shall be in writing, signed by City and Consultant.

Section 8.10 This Agreement shall be governed and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, duly authorized representative of the City and Consultants have signed in confirmation of this Agreement.

CITY OF REDLANDS

ENVIROMINE, INC.

By: _____
Pat Gilbreath
Mayor

By: _____
Warren R. Coalson
President

ATTEST:

City Clerk, City of Redlands

STATEMENT OF QUALIFICATIONS

AUGUST 2009



3511 Camino Del Rio South; Suite 403
San Diego, CA 92108
(619) 284-8815 • (800) 755-3995
Fax (619) 284-0115
warren@enviromineinc.com

and

3251 Beacon Boulevard; Suite 100
West Sacramento, CA 95691
(916) 388-4950 • (800) 755-3995
Fax (619) 764-0499
dantien@enviromineinc.com

Proposal

for

**Sand and Gravel Annual Site Inspections,
Review of Financial Assurances and Related
Inspection Services for Compliance with The
State Surface Mining and Reclamation Act**

Submitted to:



Community Development Department
35 Cajon Street, Suite 20
Redlands, CA 92373

Prepared by:



3511 Camino Del Rio South, Suite 403
San Diego, CA 92108
(619) 284-8515 · (800) 755-3995
Fax (619) 284-0115
warren@enviromine.com

November 23, 2009



Environmental & Mine Permitting Services

November 23, 2009

Mr. Chris Boatman
City of Redlands Community Development Department
P.O. Box 3005
Redlands, CA 92373

**Re: Annual Site Inspections, Review of Financial Assurances, and Related
Inspection Services for Robertson's Ready Mix and Cemex USA Mining
Operations within the Cities of Redlands and Highland**

Dear Mr. Boatman:

EnviroMINE, Inc. is pleased to present this proposal to provide mining compliance services and assistance with project planning for mining permit applications for the Cities of Redlands and Highland (Cities). These services are intended to support City staff with lead agency annual compliance duties and with the review of new mining permit applications.

EnviroMINE has substantial experience with completion of the requested services, having provided similar services to a number of lead agencies. In addition, EnviroMINE has worked with the Cities in the completion of these duties since the early 1990s. As a result, we believe EnviroMINE is uniquely qualified to provide these services to the Cities.

I. Annual Compliance Services

The proposed compliance services would be undertaken to complete annual compliance requirements as outlined in the Surface Mining and Reclamation Act of 1975 (SMARA) and the Cities' Surface Mining Ordinances. Mining inspections must be completed within six months following the receipt of the annual report (between July and December) and financial assurances must be updated yearly to assure adequate surety is available to complete reclamation on the subject mining site.

Currently, the Cities have ten (10) regulated mining sites. These sites are listed as follows:

- Old Webster Quarry
- Redlands Aggregate (North and South)
- Johnson Pit (North and South)
- Orange Street Processing Plant

3511 Camino Del Rio South, Suite 407 - San Diego, CA 92108
(619) 284-3515/(800) 755-3995 Fax: (619) 284-3115

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- Plunge Creek Processing Plant
- Alabama Street Southeast
- Alabama Street Northwest
- Alabama Street Northeast

The following scope of services is proposed for each of the listed mining sites:

1. Perform inspections of SMARA regulated mining operations to assure compliance with the approved reclamation plan and conditions of approval.
2. Review Financial Assurance Estimates to determine adequacy.
3. Prepare inspection report(s) to verify compliance with the reclamation plan and conditions of approval.
4. Prepare performance review letters for each site for City information and action.
5. Review Mitigation Monitoring Program for each site and submit a report to the City that identifies the operator's compliance with the approved program.
6. Attend the City's Planning Commission and City Council meetings on an as needed basis.

a. Work Program

The work program for this project is divided into five distinct functions: a) File Review, b) Mining Inspections, c) Financial Assurance Review, d) Prepare Inspection Reports, and e) Mitigation Monitoring Verification. These issues will be discussed in this order.

File Review/Site Familiarity

Prior to arriving at the mining site to conduct inspections, it will be necessary to become familiar with the physical conditions of the site and complete a thorough review of all pertinent information relating to approvals for the project. This review provides the inspector with the necessary background to allow for a thorough inspection of the site. File review will include the approved reclamation plan, use permit, environmental documentation, and any other documents important to the site inspection.

The City of Redlands is responsible for providing EnviroMINE with a copy of the operator's annual report, approved Reclamation Plan, Conditional Use Permit, financial assurance, and Mitigation Monitoring Program for each site.

Inspections

It should be the goal of any inspection program to work as a problem solving tool. Not only are mine inspectors responsible for reviewing mining operations for compliance, the inspector must also serve as an ambassador of the lead agency. At times there are disagreements with the requirements of the approval conditions and mitigation measures. The inspector will be charged with interpreting and finding solutions to these problems. For this reason, it is important to develop a cordial working relationship with the mine operator. In most cases, solutions should be arrived at in the field with the mine operator. This approach will result in fewer complaints for the lead agency and assure implementation of all compliance conditions.

EnviroMINE will perform the inspection for the listed operations. This will include contacting the mine operators to set up date and time and inspecting the sites for compliance with the Conditional Use Permit, CEQA mitigation measures, and Reclamation Plan.

In some instances, it may be necessary to return to the site to follow-up on deficiencies noted in the site inspection. Where deficiencies are noted, the mine inspector may be required to specifically identify violations and note these on inspection reports. Should this occur, SMARA allows mine operators 30 days to correct deficiencies before being re-inspected. If additional inspections are required, an additional cost proposal will need to be approved.

EnviroMINE understands the benefits to developing cooperative working relationships between the mine operator and the Lead Agency. As such, we will attempt to allow the operator to correct any deficiencies in the field on the day of the inspection. If satisfactory resolution cannot be reached in the field, we will consult with City staff to gain direction for further action. Our goal is to find solutions to problems.

Financial Assurance Review

Annual review of financial assurances is required by SMARA to insure that adequate surety is available should the operator default on the reclamation requirements. Review and adjustment of financial assurances can be somewhat time consuming. This depends, in large part, on the operator's willingness to provide adequately detailed and justified estimates.

EnviroMINE is uniquely qualified to review financial assurances. EnviroMINE authored the estimating procedure utilized by the State Mining and Geology Board as adopted in their Financial Assurance Guidelines. In addition, we also prepare more than 50 estimates for mining projects throughout California.

Inspection Reports

Site Inspection Reports shall be completed on the forms provided for this purpose by the State Department of Conservation Office of Mine Reclamation.

Other items to be included with the report would include a listing of problem areas and issues of potential variance from the conditions of the use permit for the mining operation. Where problem areas are identified (e.g. accelerated erosion), suggested steps for correcting the problem will be listed. This information may then be used by the operator and the Cities to assist with implementing corrective measures.

The Cities are recognized as the lead agencies with ultimate authority for direction and content of information included in the inspection reports. Inspection reports will be completed within 30 days following individual mine site inspections. Each inspection report will be prepared in duplicate and submitted to the operator, the City, and the State.

Mitigation Monitoring Verification

In conjunction with the annual site audit and the annual land use entitlement review, each site's Mitigation Monitoring Program will be reviewed to verify compliance. Upon receipt and review of each operation's Mitigation Monitoring Program, a report that identifies the operator's compliance with the approved program will be prepared and submitted to the City(s). We will coordinate with the operator to correct any deficiencies that may exist. If satisfactory resolution cannot be reached with the operator, EnviroMINE will provide support to City(s) staff with enforcement actions. However, EnviroMINE is not a code compliance service. Our role will be to monitor for compliance and report the findings of our investigations.

II. Project Planning for Mining Permit Applications

The Santa Ana River floodplain is identified as a regionally significant aggregate resource and has recently been the subject of negotiations between resource agencies, the Cities, and mine operators. As a result of this activity, it is expected that the Cities will receive a number of mining permit applications to implement this agreement. The RFP has requested consultant services to assist with the review of permit and reclamation plan applications submitted to the Cities.

EnviroMINE has provided similar services to the Cities over the past 18 years. We have also worked with a number of other lead agencies in this capacity. EnviroMINE provided project planning services for the following projects within the Cities jurisdiction:

Redlands

- Old Webster Quarry
- Redlands Aggregate South
- Johnson Pit South
- Orange Street Processing Plant

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- Alabama Street Southeast
- Alabama Street Northwest
- Orange Street Quarry (Cemex)

Highland

- Redlands Aggregate North
- Johnson Pit North
- Orange Street Quarry (Cemex)
- Cone Camp Quarry (Robertsons)

EnviroMINE also worked with San Bernardino County on review of a mine expansion for the Cemex Lytle Creek operations and the City of Rialto on the mining portion of the Mid-Valley Landfill.

EnviroMINE will work with City(s) staff to review and comment on mining permit applications provided to the Cities for processing. All permit and reclamation plan applications will be reviewed against the Cities' surface mining ordinances and SMARA to determine completeness and technical competence. Where deficiencies are identified, EnviroMINE will provide comments for consideration by the Cities and ultimately for consideration by the applicant(s).

As the permit/reclamation plan applications progress through the review process, EnviroMINE will assist with CEQA review and with the preparation of findings and conditions of approval. Development of conditions of approval that meet compliance objectives requires substantial experience with permitting and compliance. Our experience with permitting for operators and lead agencies and with annual compliance reviews provides the necessary experience to develop conditions that will meet compliance objectives.

Mining permit review services will be completed on an as-needed basis at the discretion of the Cities. Each request will be considered individually and completed on a time and materials basis.

III. Budget

Due to the uncertainty of the work effort, a fixed fee estimate cannot be provided. Costs will be based on labor and materials that are required to complete the scope of services. However, estimated costs are provided for your consideration. The following budget represents the average cost of completing annual mine compliance for an individual site. Total labor and materials charges to complete the annual mine compliance requirements will not exceed \$20,000.00.

The charges listed in the table below represent the costs that are expected for conducting annual mine compliance services for each site. Copies of the inspection reports will be provided for transmittal to the Department of Conservation, and operator. Should additional work be required, such as follow-up inspections,

attending meetings or reviewing new mining projects, costs will be based on labor and materials that are required.

Task	Cost
Conduct Annual SMARA Compliance Services	
1) File Review/Site Inspection	\$000
2) Review Financial Assurance Estimates	\$250
3) Prepare Inspection Reports & Performance Review Letters	\$250
4) Prepare Mitigation Monitoring Program Report	\$875
5) Travel Expenses	\$25
Total Costs for Annual Compliance Services	\$2,000
Optional Planning Project Review & Meeting Attendance	
Attend Meetings with City Staff	Labor and Materials
Review & Comment on New Mining Projects	Labor and Materials

EnviroMINE, Inc. will complete the scope of services for labor and materials charges at the following billing rates:

Staff	Hourly Rate
Warren R. Coalson	\$195.00
Senior Environmental Scientist	\$175.00
Project Manager	\$125.00
Environmental Analyst/Project Assistant	\$105.00
GIS Technician	\$95.00
Research Analyst	\$65.00
Administrative	\$55.00
Expenses	Cost + 15%
Mileage	\$0.59/Mile

IV. Schedule

EnviroMINE will complete the inspections within 30 days following notice to proceed by the Cities. Inspection reports will be completed and submitted prior to December 31.

V. Miscellaneous Proposal Requirements

a. Conflict of Interest

Neither EnviroMINE, nor any of the members of the project team, has been hired by City of Redlands or City of Highland operators to assist with professional services directly related to any component of the proposed project or related projects under study in this proposal. No member of the contractor's team has a financial gain or an interest in the final outcome of the project.

b. Insurance

EnviroMINE holds Workers Compensation and General Liability and Professional Liability Insurance with \$1,000,000 coverage per occurrence, \$2,000,000 aggregate. EnviroMINE does not have any owned automobiles.

c. News Releases

EnviroMINE agrees to refrain from releasing news announcements or participating in news interviews on issues relating to the conduct of the scope of services unless expressly authorized by the Cities.

d. Company Type and Tax Identification

EnviroMINE, Inc. is a California S-Corporation, with offices located at:
3511 Camino Del Rio South, Suite 403
San Diego, Ca. 92108

Warren R. Coalson, CEO
Federal Tax Identification No. 10-0007670

VI. Qualifications

EnviroMINE is well qualified to complete mining compliance services for the City of Redlands and the City of Highland. We have extensive history with providing mining compliance services to the City of Redlands and the City of Highland. We have provided these services to both cities since 1991. As a result, we have substantial knowledge of the mining sites and an existing relationship with the operators. We also have a majority of the approved plans, project correspondence, and permit documentation, for each site, on file.

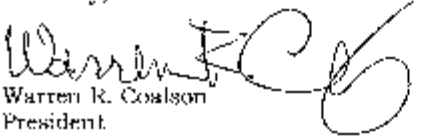
With more than 30 years of experience with the mining industry, we offer an unmatched knowledge of regulatory and operational requirements to insure that mining operations are properly conducted. In addition, where problems are encountered, EnviroMINE has the experience to work with the operator and Cities to identify specific measures to satisfy areas of concern.

EnviroMINE has more than 18 years experience with conducting SMARA surface mining inspections and financial assurance reviews. This experience has been gained in the Cities of Redlands, Highland, Rialto, Lake Elsinore, Upland, Lake Forest, and the Counties of Contra Costa, Santa Barbara and Tulare. Our knowledge of compliance objectives spans a variety of lead agency perspectives. We can bring this knowledge and experience to bear for the Cities.

Mr. Chris Boulman
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EnviroMINE appreciates the opportunity to offer on this proposal. Should you have questions or comments, feel free to call at your convenience.

Sincerely,


Warren K. Coalson
President