

State -- Elsinore failed to regulate mines owned by legendary developer David Murdock

Chris Knap, Orange County Register, 1-24-11

The beautiful City of Lake Elsinore (motto: "Dream Extreme") is just a short hop over the Ortega Highway from the much pricier O.C. communities of Coto de Caza and Ladera Ranch. As such it's an attractive and affordable bedroom community for would-be homeowners who can't yet buy in at South O.C. prices.

A number of OC developers are or have considered building there, including The Shopoff Group, Spyglass Ranch LLC and Trumark.

But complaints from residents and, late last month, a Deficiency Notice sent to the city by the State Mining and Geology Board raise questions about whether city leaders, in their effort to attract land developers, have been, well, lulled into sleep.

Elsinore is ringed by surface mines, five of them owned by the giant business conglomerate Castle & Cooke, which extracts clay, rock and aggregate. The mines have names like Pacific Clay Pits, Mountain Avenue Pit #2, and Murdock Alberhill Ranch (that's would be legendary developer David H. Murdock, chairman and CEO of C&C, more of whom we'll hear in a bit.)

Castle and Cooke also is building a 500-plus acre, 1,300 home development, Alberhill Ranch, adjacent to several of the working mines and overlying portions of an old mine, according to city officials.

Neighbors, including some Alberhill homeowners, have complained for years that the mines are a source of dust, pollution and gas leaks; one such methane leak was reported near the site of the proposed Alberhill Elementary School.

Questions have been raised as to whether portions of Alberhill were built on old mining land that was not properly reclaimed. (City officials concede that this is, technically, true—more on this in a bit.)

Anyway state officials, who have ceded "lead agency" status over the mines to the city, are taking notice. In a five-page deficiency notice sent to the city's public works director December 21, state officials charge that the city failed to inspect the mines as required by law; failed to cite the operators for violations of state mining laws; failed to ensure that the mines had updated reclamation plans and bonds ensuring that funds were available to reclaim them; and allowed operators to abandon three of the mines, including the one underlying portions of the housing development.

Improperly reclaimed mines can cause big problems, including toxic runoff, floods, gas leaks and other problems. In addition, state officials said they also found instances where the working mines had expanded out of their approved footprint, and had inadequate erosion control.

CITY OFFICIALS "BLINDSIDED"

"It's disappointing to see some of these claims," said Ken Seumalo, the city's public works director. "I'm not pointing fingers, the state knows mining, and we are the lead agency, but we feel like we are blindsided...What they are saying is we are not administering (mining law) appropriately."

Seumalo conceded some mistakes, in particular the city's failure to follow all the steps required to legally reclaim the mine land that now underlies portions of Alberhill Ranch. Seumalo said he thinks that most of the land under the homes was never actually mined but some parts of the development, including a large park, were and in any case much of the land was covered by a state reclamation plan that should have been sent to state mine regulators for final review, but wasn't.

"I don't want to make it sound like we are flawless. There are some errors that we made. We followed the intent, we just missed a step," Seumalo said.

The Watchdog twice called and twice e-mailed a copy of the deficiency notice to David Hollingsworth, who is president of both Pacific Clay Products and Pacific Aggregates, Castle & Cooke's mining subsidiaries, to get their response to the state charges. We'll share the company's response if and when they provide one.

But the deficiencies detailed by the state echo some of the complaints that Alberhill residents Paulie Tehrani and Sharon Gallina have been making for years: to the city, the South Coast Air Quality Management District, the U.S. Environmental Protection Agency, and finally to the state Office of Mine Reclamation.

"I will be surprised if justice is given to us. I believe that deep pockets can do anything they want in the city of Elsinore," Tehrani said.

HIGH SCHOOL DROPOUT, BILLIONAIRE

Castle & Cooke certainly does have deep pockets.

The company owns most of the island of Lanai (89,000 acres), 17,000 acres in California, plus thousands of acres more in each of Oahu, North Carolina, Arizona and Illinois.

Castle & Cooke's Chairman, CEO and majority owner, 86-year-old David H. Murdock, is a legendary self-made businessman, a high school dropout now estimated by Forbes magazine to be worth \$2.5 billion, the 374th richest human in the world.

When he took over Castle & Cooke in 1985 it was reportedly near bankruptcy; Murdock got, in addition to the foundering agribusiness, the island of Lanai and a struggling pineapple canner, Dole Food Co., which Murdock rebuilt into an agribusiness powerhouse with annual revenues near \$7 billion.

According to news articles Murdock has contributed personally to help elect pro-development council people in Elsinore, with contributions from him, Castle & Cooke and other related entities totaling in excess of \$250,000 since 2003.

Seumalo rejected the notion that the tiny city of Elsinore (population 51,000) is being unduly influenced by the giant land developer. "We have development standards, a development code. We do have a competent mining consultant. I feel like we are pretty well staffed."

Seumalo added that he doesn't always agree with the citizen watchdogs who sign their missives "Paulie and Sharon," but said they are often the eyes and ears of city staff. "They are a squeaky wheel, but there is a value of that to the city...The mines need to operate in compliance with all these regulations."

The city's consultant, a company called EnviroMine Inc., is preparing a response to the deficiency notice. It's due to the state in early February.