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GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
LANSING



STEVEN E. CHESTER
DIRECTOR

TO: Senate Natural Resources and Environmental Affairs
Committee Members
House Great Lakes and Environment Committee Members

FROM: Steven E. Chester, Director

DATE: April 1, 2009

SUBJECT: Sand Dune Mining Annual Report

In accordance with Section 324.63711(8) of Part 637, Sand Dune Mining, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended, attached is the Department of Environmental Quality's (DEQ) report on sand dune mining surveillance activities for fiscal year 2007-2008 and the cost of those activities.

If you need further information, please contact Mr. Harold R. Fitch, Director, Office of Geological Survey, at 517-241-1548, or you may contact me at 517-373-7917.

Attachment

cc/att: Mr. Nathan Murphy, Senate Democratic Policy Office
Mr. Bob Wilson, Senate Republican Policy Office
Mr. Peter Morman, House Democratic Policy Office
Mr. Larry Crittenden, House Republican Policy Office
Mr. Jim Sygo, Deputy Director, DEQ
Ms. JoAnn Merrick, Chief of Staff, DEQ
Mr. Frank Ruswick, Senior Policy Advisor, DEQ
Ms. Carol Linteau, Legislative Director, DEQ

bcc/att: Mr. James Kasprzak, DEQ
Mr. Harold R. Fitch, DEQ
Mr. Steven E. Wilson, DEQ
Ms. Kathy Tetzlaff, DEQ

Sand Dune Mining Annual Report (Fiscal Year 2007-2008)



Michigan Department of Environmental Quality
Office of Geological Survey

Pursuant to Part 637, Sand Dune Mining,
of the Natural Resources and Environmental Protection Act,
1994 PA 451, as amended

For more information on the Sand Dune Mining Program, please contact:
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517-241-1542

SAND DUNE MINING ANNUAL REPORT FISCAL YEAR 2007-2008

The Office of Geological Survey (OGS) of the Department of Environmental Quality (DEQ) administers the Sand Dune Mining Program under Part 637, Sand Dune Mining, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended. Part 637 prescribes the requirements for the permitting, mining, and reclamation of sand mining operations in designated Great Lakes sand dune areas. Sand mined from these areas is used primarily in the foundry industry to make molds and cores for hot metal castings. The program is funded entirely by the collection of an annual surveillance fee assessed to the sand dune mining operators, not to exceed \$0.10 per ton of sand mined per calendar year.

The responsibilities for permitting, surveillance, enforcement, and administration of the Sand Dune Mining Program are distributed among several staff of the OGS.

During fiscal year (FY) 2007-2008, there were 11 permitted sand dune mining sites active in Michigan. Some mining activity took place at 9 of these sites during the year. During calendar year 2008, 1,398,157.5 tons of sand were produced. The annual surveillance fee was set at \$0.04434 per ton. The amount collected is commensurate with the funds needed to cover program costs and contingencies from the beginning of the fiscal year until fees are collected in March.

All mining sites are located within two miles of the Lake Michigan shoreline. Most of the currently active sites are located between Benton Harbor and Muskegon. One site is located in Mackinac County in the Upper Peninsula.

Permitting Activities

There were no applications for permit renewals.

Surveillance and Enforcement Activities

OGS staff conducted a total of 12 on-site inspections at permitted sites during the fiscal year. Staff responded to a number of inquiries and concerns.

Funding

Fiscal Year 2007-2008

Program funding consists of unexpended balances carried forward from the previous fiscal year combined with current year revenues derived from the production fees based on total tons of sand produced during the previous calendar year.

Total Funds Available – FY 2007-2008	\$198,300
Fund Balance from FY 2006-2007	\$62,717
Fee Revenue – FY 2007-2008	\$88,291
Expenditures – FY 2007-2008	\$19,130
Fund Balance end of FY 2007-2008	\$131,877

Fiscal Year 2008-2009 Projections

Calendar Year 2008 Production in Tons	1,398,157.5
Collection Fee Multiplier per Ton	\$0.04434
Estimated Fee Revenue – FY 2008-2009	\$61,994
Fund Balance - FY 2007-2008	\$131,877
Estimated Expenditures – FY 2008-2009	\$52,105
Estimated Fund Balance end of FY 2008-2009	\$141,766