

TESTIMONY OF CONGRESSMAN JOE HECK
3RD DISTRICT OF NEVADA
Before the
HOUSE COMMITTEE ON NATURAL RESOURCES
SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCES
On
THE THREE KIDS MINE PROJECT
July 14, 2011

Chairman Lamborn and Ranking Member Holt, thank you for inviting me to testify before the Subcommittee on an innovative solution for restoring the environment, improving safety, and creating jobs in my District in southern Nevada. I appreciate the opportunity to discuss legislation that I introduced this week – the Three Kids Mine Remediation and Reclamation Act -- to address a serious environmental, public safety, and abandoned mine reclamation issue in the City of Henderson, Nevada.

The Three Kids Mine is an abandoned manganese mine and mill site consisting of approximately 1,262 acres of Federal and private lands which lies within the Henderson City limits and is literally across Lake Mead Parkway from an increasing number of homes and businesses. The Three Kids Mine was owned and operated by various parties, including the United States, from approximately 1917 through 1961, and used as a storage area for Federal manganese ore reserves from the late 1950s through 2003. The project site contains numerous large unstable sheer-cliff open pits as deep as 400 feet, huge volumes of mine overburden/tailings, mill facility remnants and waste disposal areas. To give a sense of scale, mine overburden is ten stories high in some areas; abandoned waste “ponds” are up to 60 feet deep and filled with over one million cubic yards of gelatinous tailings containing high concentrations of arsenic, lead and petroleum

compounds. Reclaiming the Project Site will require the excavation and management of at least 12 million cubic yards of material (enough to fill a modern sports stadium six times). The “Presumptive Remedy” for the Project Site is to use the existing mine pits as permanent repositories for the mine residue, in an appropriately engineered manner.

The Nevada Division of Environmental Protection has identified the Three Kids Mine as a high priority for the implementation of a comprehensive environmental investigation, remediation, and reclamation program. Numerous unsuccessful proposals to clean up and redevelop the Project Site have been advanced over the years. All were ultimately abandoned due to unrealistic estimates of the scale of required remediation, as well as the complexities posed by the mix of private and Federal ownership at the Project Site. Something must be done to address this serious blight on the Henderson community.

The legislation I have introduced, with the support of the entire Nevada Delegation, is the result of over four years of work among the City of Henderson Redevelopment Agency, the Department of the Interior, the State of Nevada, and private entities to develop a program to finally clean up the Three Kids Mine site. Boiled down to its simplest form, the Secretary of the Interior will convey the Federal lands at the project site – approximately 948 acres -- at fair market value taking into account the costs of investigating and remediating the entire site, which includes an additional 314 acres of now-private lands that were used historically in mine operations. The Federal Government will receive a release of liability for cleanup of both the Federal lands and the private lands. Under the legislation, before the Federal lands are conveyed, the State must enter into a binding consent

agreement under which the cleanup of the entire Project Site will occur. The consent agreement must include financial assurances to ensure the completion of the remediation and reclamation of the Site. The cleanup will be financed with private capital and Nevada tax increment financing at no cost to the Federal Government.

In more detail, the legislation would direct the Secretary to convey the 948 Federal acres of the Three Kids Mine project site to the Henderson Redevelopment Agency for fair market value, discounted to reflect the costs of cleanup of the entire Project Site. According to preliminary estimates, the cleanup costs for the Project Site range from a low of \$300 million to a high of nearly \$1 billion. The BLM's preliminary estimate of the value of the lands to be conveyed as if they were "clean" ranges from \$95 million to \$190 million. The value and costs will be determined by the Secretary under the legislation using established national appraisal methods, environmental assessment standards, and cost estimating procedures. We fully expect the cleanup costs to substantially exceed the value of the lands to be conveyed. Moreover, given the mix of private and Federal lands at the project site and the substantial cleanup costs involved, there is no viable solution to remediate and reclaim the Federal lands without the private lands.

Before any conveyance of Federal land, the legislation requires an executed Mine Remediation and Reclamation Agreement between a responsible party and the State of Nevada that would govern the "CERCLA-protective" cleanup program for the entire Project Site (Federal and private lands) and ensure that the program is fully funded. Finally, in exchange for the conveyance, the United States would receive a complete release of liability for all existing environmental and hazardous safety conditions associated with the entire Project Site.

Fundamental to the economic viability of the entire project is the availability of “tax increment financing” under the Nevada Community Redevelopment Law. The Nevada Redevelopment Law allows the Redevelopment Agency to fund the cleanup of blighted conditions such as an abandoned mine and environmental contamination through use of an “increment” of property taxes collected within a designated redevelopment area over a 30-year “capture period.” The “increment” is a portion of the assessed value of the property which predictably increases in value following cleanup and as the subsequent commercial and residential redevelopment build-out occurs. To advance this important project, the City of Henderson completed annexation of the Three Kids site in January 2009, and the Lakemoor Canyon Redevelopment Area was established in February 2009.

This is a unique and complex “public/private partnership” proposal. It will finally lead to the cleanup of the Three Kids Mine site at no cost to the Federal Government. Millions of dollars have been spent on this effort to date on environmental assessment work at the Project Site and to advance discussions and negotiations among project stakeholders. I believe that this initiative offers a viable solution for the cleanup and reclamation of the Three Kids Mine and could serve as a model for other similar sites across the country. I would respectfully request that the Subcommittee grant expeditious consideration of the Three Kids Mine Remediation and Reclamation Act.

In closing, I want to once again thank Chairman Lamborn and Ranking Member Holt, as well as the other members of the Subcommittee, for holding a hearing on the serious problem of abandoned mined lands, and innovative solutions for addressing the problem. I would be happy to answer any questions the Subcommittee might have.