



VALLEY COUNTY'S GROWING ECONOMY

VALLEY COUNTY, IDAHO: UNIQUELY POSITIONED
FOR CONTINUED ECONOMIC VITALITY

IHESG | IDAHO HEADWATERS
ECONOMIC STUDY GROUP

Read the full report at: STUDYSTIBNITE.ORG

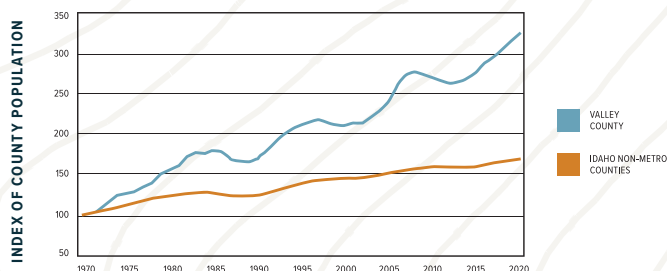
DECADES-LONG ROBUST AND ACCELERATING VALLEY COUNTY ECONOMY

IT'S THE ECONOMY...

A clear understanding of the economic forces driving dramatic changes in Valley County is necessary before public policies are implemented to protect and enhance local economic vitality and quality of life.

The Valley County economy is outperforming the national economy, as well as other Idaho non-metropolitan (rural) areas, across a broad range of indicators, including population growth, employment, and real personal income. These positive economic trends over the past half-century in Valley County were not driven by the expansion in what often is asserted to be the county's historical economic base: *mining and forest products*.

GROWTH IN GAP BETWEEN VALLEY COUNTY'S AND IDAHO NON-METRO COUNTIES' POPULATION



The ongoing increases in the share of total employment and payroll in accommodations, eating and drinking establishments, and recreation services tell a very compelling story that confirms residents' and employees' descriptions of their experiences living and working in Valley County. **Valley County's productive economy is built around visitors and the recreation experiences they seek.**

The proposed Stibnite Gold Project would site a large industrial chemical project in the headwaters of one of the most important recreational rivers in the Inland West.

What Valley County residents need to ask is what part of the world-class natural environment they inhabit, and the economy built around it should be put at risk of permanent damage in the name of adding 100 local mining jobs.

NATURAL AMENITIES

Natural amenities attract economic vitality. The local economy has strengthened and supported long-run economic growth, as it ultimately has attracted people who want to move to the area.



The local economy is currently thriving and the reason is because of its natural amenities: forests, lakes, rivers, fish and wildlife, and access to recreational opportunities and public lands. **In fact, the average "bonus" to Valley County residents from living near these amenities is \$7,400 a year per person, compared to other non-metropolitan counties in Idaho.**

The total value to the economy from the visitor-recreation sector, plus non-labor income (*pensions, investment income and government support payments available to be spent in the local economy*), is \$447 million annually. Under the best of assumptions, total pay for "local" workers at Stibnite is projected to be \$18.7 million annually. **Thus, local Stibnite workers' pay is forecast to be a scant 2.5% of the total of the visitor-recreation sector plus non-labor income.**

Just the presence of a gold mine with the potential to create a massive environmental disaster in Valley County is enough to have some stigma attached to Valley County.



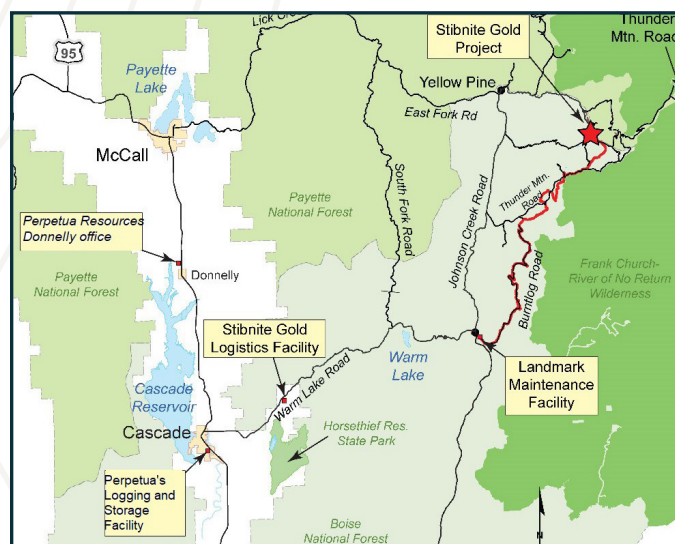


PUBLIC LANDS VALUE

Public lands with natural amenities play an important role in Valley County's economy. The landscapes in and around Valley County are largely managed by federal agencies. The Stibnite Gold Project (SGP) would be constructed adjacent to or within wilderness areas, eligible wild and scenic rivers, Inventoried Roadless Areas and Research Natural Areas. The economic benefits of having these public lands in Valley County show that, on average, income (per person) was higher than it otherwise would have been if those lands were privately held for private benefits. It is not that the land is giving everyone who moves to Valley County additional income, it is that the natural amenities attract people with additional income. **The flip side of this argument is that if the natural environment is degraded, then economic vitality in Valley County may suffer.**

\$11,626

PUBLIC AND PROTECTED LANDS IN VALLEY COUNTY ADDED \$11,626 (ABOUT ONE-THIRD), TO WHAT THE AVERAGE INCOME PER PERSON WOULD HAVE BEEN WITHOUT THESE LANDS.



THE BIG GAMBLE

The proposed Stibnite Project represents a gamble that puts at risk a known and existing visitor and recreational economy that is supporting economic vitality in Valley County. **The economic risk may not be worth the short-term gain.**

There is a very real potential that the proposed mine will impact the character of Valley County and make it a less attractive place to live.

The Stibnite mine proposal threatens the natural amenities around which the current Valley County economy has been built. The proposed mine, due to its location in the headwaters of the South Fork Salmon River, represents **a dramatic turn away from local economic development that has been successfully followed in Valley County.** What is being offered in its stead is a speculative but threatening open pit mining venture that, if it is commercially successful, will bring only a relatively small and short-term "bump" in additional economic activity in Valley County.

Metal mining has the potential to convert what are now amenities, namely world class natural landscapes of mountains, forests, streams and rivers, and the fish and wildlife that inhabit them, into dis-amenuities.

EMPLOYMENT VS RISK

The Supplemental Draft Environmental Impact Statement (SDEIS) states that miners will move to the local area. We do not find much evidence to support this, but if it happens, there could be an economic benefit of having 200 highly paid miners working, but not necessarily living in Valley County for at least 15 years. However, this benefit could almost be completely wiped out by a 2% decline in the visitor-recreation and non-labor income sectors, due to degradation of natural amenities. The possibility of short-term gain associated with the proposed mine should be weighed against the potential for long term harm to an otherwise thriving economy.

Any mine employment economic “benefit” could be almost completely wiped out by even a 2% decline in the visitor-recreation and non-labor income sectors, due to degradation of natural amenities.

“Known” benefits vs. unknown costs. Perpetua claims that Stibnite mining jobs will have significantly higher than average pay when compared to other Valley County residents. That is known. What is still largely unknown are the costs associated with having the Stibnite mine in Valley County and its effect on local taxes, housing, wages, police and EMS services, roads, schools and other social services.

LOCAL TAXES, COMMUNITY INFRASTRUCTURE AND PURCHASE OF GOODS

The taxes paid by Perpetua will not come close to offsetting the infrastructure burden. We can say with certainty that the fiscal benefits are likely to be small, and that the costs to Valley County from the mine workers are largely unknown. The only “local” fiscal benefit to Valley County is \$300,000 in annual property taxes once the mine is active. This will not cover the increased cost that the mine will impose on Valley County.

ONLY 1.3%

\$300,000 IN PROPERTY TAX REVENUES FROM PERPETUA WOULD REPRESENT ONLY 1.3% OF THE \$23.5 MILLION VALLEY COUNTY BUDGET (FOR 2021).

School costs, roads, EMS, hospitals, etc. will not be offset by the property taxes paid by the mine. Idaho spent only \$8,376 per student in 2021 - the least amount in the entire country. According to the DEIS, a potential increase in school enrollment



“I appreciate having unbiased information about the potential impacts of the mine, instead of the benefits only analysis paid for by Perpetua (DEIS). I now feel prepared to make educated

comments on the impacts this mine will have on my kid’s school and on my small business.”

Meghan Minshall, Huckleberry Garden



“I am interested in the socio-economic study as a business owner because I have questions about how the mine will affect wage competition and housing issues in Valley County.”

**Jarad Howard,
Lardo Grill & Saloon**



would be 80 students, costing Valley County \$670,080 annually. Thus, \$300,000 per year paid by Perpetua in property taxes would only cover education expenses for 36 of the miners' children. Additional costs for roads, EMS, hospitals, and other services are not accounted for.

Valley County will incur road damage from transport of materials the mine needs to operate and the concentrate that the mine sends out. There's also potential for increased traffic accidents and increased congestion with thousands of large trucks constantly travelling through Valley County. Incidents on backcountry roads that attract visitors and local recreationalists may also increase. There will undoubtedly be additional costs to the police, the fire department, the hospitals, the sewers, the roads, and telecommunications. These are all costs that should have been discussed and quantified in the DEIS/SDEIS, but unfortunately were not.

“We have cut operating hours because employees are difficult to find and retain.

Multiple employees have left the area because they have lost their housing and can't find reasonable rentals. What will a large mine do to local businesses' employee pool?”



Rick and Todd Fereday
May Hardware

Valley County cannot provide the goods and services the mine needs. Perpetua expects to directly hire 100 existing local residents as mine workers, which they claim, would lead to the employment of 180 more local residents, due to the economic “multiplier” effect. However, Perpetua and the Forest Service (SDEIS) make the incorrect assumption that the mining company and its workers will be able to purchase much of what they need locally. The model assumes that because something can be purchased in the local area, that it will be. In practice, we find it unlikely that many of the supplies that are assumed to be purchased from the local area will be. Valley County does not have the ability to supply the proposed mine with many of its needs. **Instead, Perpetua will likely attempt to minimize their costs and have supplies brought in from a regional or national source that can give them a much better price and more secure supply.**

If one is not very careful with assumptions, especially in a small, isolated economy like Valley County, one can mistakenly make connections that do not have an economic logic to them. We strongly believe that this is the case with the modeling done for the proposed mine.

Social Boom or Social Burden? A separate culture is often created in communities housing mine workers because of their work scheduling, pay, and the diverse cultures of the workforce. This may not fit well with the existing residents of those communities. While no two communities are identical, the added presence of a significant number of new mine workers is likely to change those communities.

“We are a part of this effort to further the study and address the impact that a mine might have on affordable housing scarcity in our community. We are not of the anti-mining sentiment.”

Matt & Jennifer Hurlbutt
Salmon River Brewery



WEALTH WILL LEAVE VALLEY COUNTY

The benefits of mine spending to Valley County are overstated. It is quite likely that the local economic benefits of the mine will be muted. The reason is there are fewer economic links between mines in remote settings and the local towns that might otherwise supply the mine with the things that it needs to run. Valley County is the physical location of the mine, but it will not retain much of the wealth being created.

The local area will receive only a tiny fraction of the wealth that is created.

Over its lifespan, only 8% of total mine spending will happen in the local area and only 5% will go directly towards wages for the workers who are modeled to live there. **If, as we suspect, most of the workers will not actually live in the area, this small percentage of local worker wages shrinks even further to a meager 2-3%.**

MINE TAILINGS AND TRANSPORT SPILL RISK

“I don’t think there is any doubt that a mining ‘mishap’ could have catastrophic impacts on the Salmon River fisheries and all the businesses



and communities the fishery supports. I’m a gambling man, but that’s not a bet I’m willing to take or accept.”

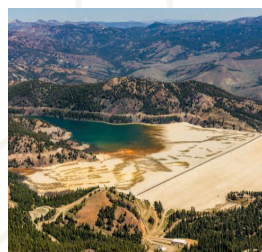
**Steven Becker,
Steelhead Guide and Outfitter**

Tailings Storage Facilities (TSF) are engineered dams at the mine site designed to keep toxin-laden ponds from releasing pollutants into the surface and groundwater adjacent to the site. A 2015 study shows that the occurrence of serious or very serious TSF failures has increased decade-by-decade since 1940. Advances in TSF design and safety have not kept up with advances in mining, resulting in greater environmental risk associated with more recent TSF construction. **The rate of TSF failure is increasing, and not decreasing as one would expect with technological advances over time.**

According to a review of 27 modern gold mining operations in the U.S. by Earthworks (Missoula MT), accounting for 93% of domestic production, 100% experienced at least one pipeline spill or other accidental release of cyanide, diesel, tailings or ore concentrate.

“Overall, spills and crashes involving heavy vehicles are near certain to occur for all Alternatives.” * - Lubetkin, S.

The DEIS states that there will be 12,775-17,885 heavy vehicle trips every year, many loaded with hazardous chemicals (diesel, explosives, sulfuric acid, and sodium cyanide). Transportation routes north and south of Valley County are along major rivers, including the North Fork Payette River and the East Fork of South Fork of the Salmon River. This could potentially be 255,500+ trips on Idaho’s 2nd highest year-round road (Hwy 55) over the course of the mine’s operation. Even spill risk of .01% would result in at least 25 spills on roads, crossing sixty-nine waterways. These numbers indicate that the impacts that spills and accidents may have on the environment and human safety along the transportation corridor should be seriously and thoroughly considered.

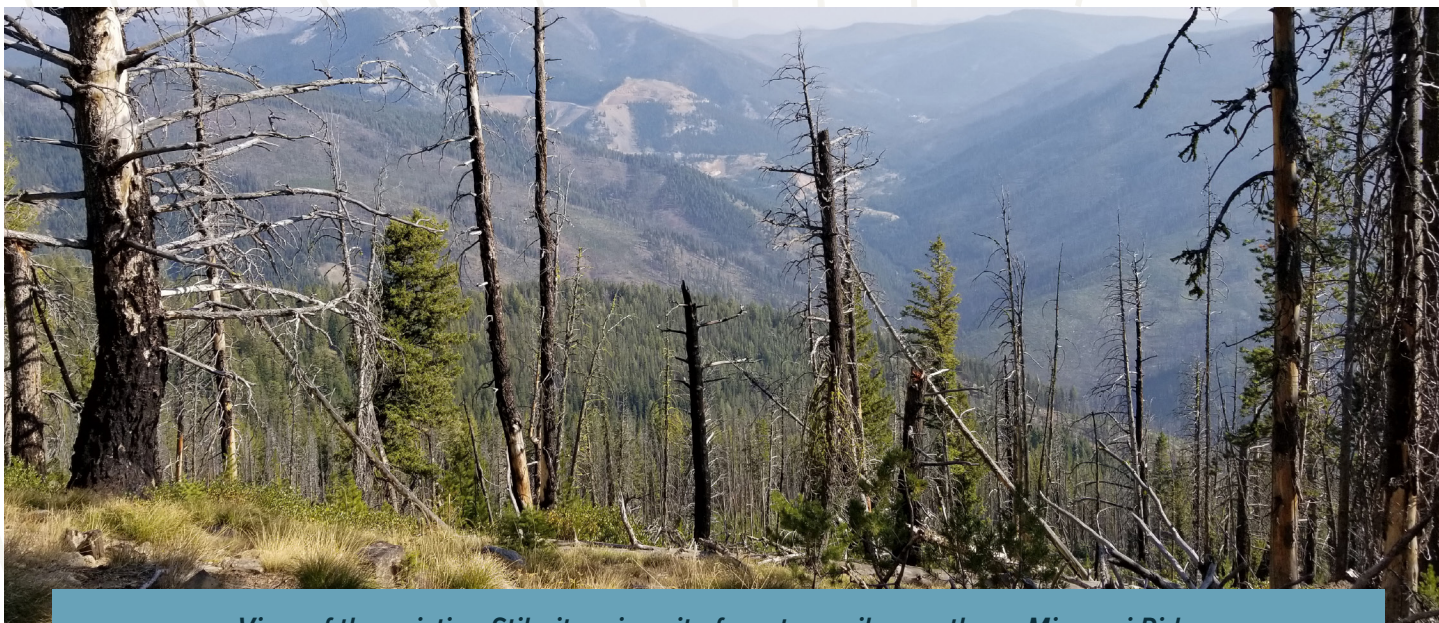


“A failure in the 400’ TSF would require a decades-long cleanup to restore the rivers and other resources. The resulting stigma, especially to the recreation and visitor

industries would be devastating.”

Sam Stoddard, Cascade Resident and International Mining Project Expert

* Review of the Transportation Corridor Risks of Hazardous Material Spills in the Proposed Stibnite Gold Project Draft Environmental Impact Statement. 10.27.2020. Page iv.



View of the existing Stibnite mine site from two miles north, on Missouri Ridge

IN SUMMARY

From the economic and social science literature, there will be costs of the Stibnite Gold Project in the form of retarded economic growth, increased pressure on services that Valley County provides, reduced educational attainment, and increased negative social interactions as a transient workforce tries to integrate into the local community. We have also shown that Valley County's economy is currently thriving and the reason that the economy is so robust, in large part, is because of the natural amenities that Valley County has.

Content in this brochure was taken directly from an analysis performed by Power Consulting (Missoula MT) entitled:

An Evaluation of the Potential Socio-Economic Impacts of the Proposed Stibnite Mine on Valley County, Idaho (DEC 2022).



POWER CONSULTING - MISSOULA, MONTANA

Thomas Michael Power is the Principal Economist in Power Consulting, Inc. and a Research Professor and Professor Emeritus in the Economics Department at the University of Montana where he has been a researcher, teacher, and administrator for over 40 years. He received his undergraduate degree in Physics from Lehigh University and his MA and PhD in Economics from Princeton University.

Donovan S. Power received his undergraduate degree in Geosciences at the University of Montana and his Master of Science in Geology from the University of Washington. He has been the Principal Scientist at Power Consulting, Inc. for the past fifteen years.

IHESG

IDAHO HEADWATERS ECONOMIC STUDY GROUP

The **Idaho Headwaters Economic Study Group** is a group of over 50 Valley County businesses that, using a collaborative, consensus-based model, seek to better understand and assess the potential impacts of the Stibnite Gold Project (SGP) proposal on the sustainability and greater good of our community, our way of life, and our business climate. As stakeholders in everything that vibrant, durable local economies provide, we are committed to asking reasonable questions and obtaining high-quality economic data to inform the decisions we make about the future health of our communities and our individual and collective businesses.