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Comments: COMMENTS ON SGP DEIS, SECTION 4-21

The DEIS draws on an economic methodology that is not conducive to real insight into project impacts. It is applied in a way that does not well describe the area economy and thus projects economic benefits almost exclusively with little or no modeling of very real economic costs. The DEIS is self-contradictory in its discussions of impacts on housing and schools, playing down impacts on one hand and admitting them on the other. The DEIS suggests a need for diversification funding to mitigate a postclosure economic downturn; but offers no suggestions for how to pay for it. To the authors' credit they do point out that only \$300,000 annually in local property taxes would be paid by Midas over its twelve-year mining phase; a trifle given the described needs. The DEIS violates analysis norms by failing to account for the time value of money. The DEIS social impacts section fails to address commenter concerns in a substantive manner and does not make sense.

## METHODOLOGY

The social and economic conditions section of the DEIS is largely based on Input-Output modeling done in a 2018 Study by Highland Economics. Highland used IMPLAN, the standard I/O model used by the USFS in NEPA analysis. Basically it is a set of coefficients used to estimate the multiplier effects of investment and spending. The main problem with I/O modeling in general is that it is by nature static, a one time snapshot of economic activity while the economy is actually highly dynamic. I/O models assume that the investment or spending they model will cause economic activity that would otherwise not take place. As the economy is dynamic this is not the generally the case; labor and resources tend to engagement, not idleness. In small rural areas with non-diverse economies I/O models can predict economic activity, at least in the short term, but as the geographic area increases the usefulness of I/O decreases.

This basic criticism of the main methodology used in the analysis is hardly controversial. To its authors' credit, the DEIS itself acknowledges the problem. Referring to indirect and induced employment Section 4-21-5 states:

1,400 indirect and induced jobs would be supported annually by the SGP during the 3-year construction phase. Most of this employment would occur outside the local economy, as a total of 300 Valley and Adams counties jobs (180 indirect and 120 induced) of the 1,400 total are projected to be supported by Alternative 1 during the 3-year construction period (Highland Economics 2018).

It is important to note that these are jobs and income supported by the SGP, but that, at the national level, these are not necessarily additional jobs and income in the United States (U.S.) compared to the No Action Alternative. Emphasis added. In effect, the DEIS thus admits that in this case IMPLAN does not produce useful information on employment beyond initial payroll. As we already know payroll job projections from Midas plans, the usefulness of the employment model is not clear .

Another flaw in the DEIS is inadequate characterization of the Valley County economy. The Highland study is opaque on the topic. But use of a standard set of IMPLAN coefficients and lack of serious discussion in the paper implies treatment of Valley County as a typical farm and extractive economy with some second homes and recreation added in. These comments are no place for a complete economic characterization, but it is plain the area has a far more vibrant and diverse economy than that implied in the DEIS. There is a recreation component; in addition there are economic rents brought in by people who move to the area or commute to second homes in the area to recreate. There is, in turn, a growing population of remote workers employed regionally and nationally in high paying positions but living in the area by choice. There is light manufacturing. There are private schools.

There are very high quality health care services. And more. Much of this economic activity takes place because this is a beautiful area people choose to visit, live in and work.

Ignoring the range and diversity of the area economy leads the DEIS to another fundamental problem, it fails to consider the true potential for economic costs created by the SGP. If the point that the attractiveness of Valley and Adams Counties are a key contributor to economic activity is true, then it follows that a reduction in attractiveness will have economic costs. The DEIS alludes to this problem when it discusses recreation access to the mine site, guiding areas and road use. But it begs the question of the real overall role of recreation in the area economy and makes no attempt to describe or model the potential costs.

## HOUSING

The DEIS identifies a problem with affordable housing for people moving into the area to take comparatively low-wage indirect and induced jobs. Section 4-21-13 Housing concludes:

As a result, if there is an insufficient existing inventory of suitable housing within the affected communities, it is possible that adverse affordable housing availability impacts could result from Alternative 1 construction activities.

There is more than a possibility of an affordable housing shortage. The DEIS makes a strong case for more in-migration than the present housing stock can handle and offers no counter-argument nor plan for mitigation.

## SCHOOLS

The DEIS projects an increase of 80 students in area schools. Some districts are now under-enrolled. McCall and Donnelly Districts currently have no extra capacity. The DEIS cannot predict how students would be spread through the various districts, nor can it predict the student age spread. 4.21- 15 concludes by pointing out that:

Furthermore, if the in-migrating student population consists of more similarly aged children, then the increase for their corresponding grades would be higher and more likely to be difficult for the local school systems to accommodate. If this occurs, the adverse impact on the public school system could be very substantial if the current programs and facilities have insufficient capacity to absorb that additional student enrollment.

Again, the substantial adverse impact is a certainty, not a possibility, if the new students enroll in Donnelly or McCall schools; these being at capacity as stated in Table 3.21-8 of the DEIS.

## NEED FOR POST CLOSURE ECONOMIC MITIGATION

In section 4.21.2.1.3 Closure and Reclamation the DEIS paints a stark picture of decreasing economic activity after mine closure:

These potential "boom and bust" effects after mine operations cease could result from both SGP 's projected 110-person reduction in the direct employment of local residents and the net 230 job decrease in local induced and indirect employment previously supported by the mining operations phase levels. Given the local analysis area's largely rural and small economy, in the absence of adequate economic transition mitigation, the mine-closure related decrease in local employment and income could have an adverse impact on the local area's residents, businesses, and overall economy. Emphasis added.

The DEIS suggests a better post-closure outcome if tax revenues or mining fees are used wisely:

Post-closure economic expansion and investment may happen if tax revenue or fees from mining can be

effectively re-invested in community services and infrastructure, creating an environment conducive for long-term economic growth.

However, DEIS Section 4.21.1.2.4, Government Revenues, makes plain that tax revenues from the project would almost entirely accrue to State and Federal government, not local government. The DEIS projects \$300,000 in annual local tax revenues over the twelve-year mining phase of the project, for a total of \$4.5 million. It is hard to see how an additional \$300,000 could pay for ongoing project induced school and housing needs as identified if not priced in the DEIS. The notion that a total of \$4.5 million could mitigate a post-closure economic bust is only wishful thinking.

It is also worth noting that the DEIS makes no attempt to project foregone Valley County property taxes caused by a decrease in the rate of property impacts, and the influx of worker demand on public services like road maintenance and schools. (AECOM 2018).

Then it proceeds to conflate serious anti-SGP comments with comments that may be construed as little more than xenophobic:

Commenters also expressed social concerns of future property theft and vandalism. (AECOM 2018).

And again:

Typically, most substantial and serious social impact concerns of existing residents are focused on the potential disruptive actions by the in-migrating population (e.g., in the form of interpersonal conflicts, social disturbances, and incidents of crimes). For many of the reasons discussed above, the likelihood of such adverse social impacts occurring from the SGP 's construction phase may be considered limited given the relative size and expected composition of the in-migrating populations.

The composition and residency of the future in-migrating population is unknown and difficult to predict. However, it is expected that a large share of the workers relocating to the area would likely be from elsewhere in Idaho or residents from adjoining states. In which case, while these immigrating workers would likely be younger than most of the current population, it may be expected that most of the in-migrants would have a similar cultural, racial, and social backgrounds as existing residents. Emphasis added.

This is not simple to unpack. Are the DEIS authors expressing xenophobic or racist views? Are they projecting such views on the area population? Both? What is clear is that the narrative commits a logical fallacy. It conflates substantive anti-SGP comments with xenophobic comments and presents a solution to the latter only. To be clear, the ethnic and cultural characteristics of new in-migrants will not mitigate the problems of boom & bust nor demand for public services as the DEIS suggests