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Findings resulting from the social and economic implications of the mine vary; as does public opinion as to how the Flambeau Mining Company interacted with the community or how much income the company made on the copper, gold, and silver taken from the mine. Major findings associated with the Socioeconomic Study are summarized in this section.

Development of the Flambeau Mine from discovery in 1968 to completion of reclamation in 1999 spanned some 31 years. While the first 24 years of the mine entailed developing planning documents, providing information on the future mine operations, preparing environmental documents, and obtaining permits, the time between 1992 and 1999 saw the removal of ore and final reclamation of the Flambeau Mine site. Delays in the mining operation due to environmental concerns and low copper prices were some of the factors that resulted in the 31 years from discovery to reclamation.

The signing of the Local Agreement between Kennecott Minerals and surrounding communities took place August 1, 1988. As part of the agreement, a state-of-the-art water treatment facility was built on site to protect and maintain the high quality of the Flambeau River, which is located 140 feet from the mine site. Throughout its operation, the Flambeau mine complied with all environmental regulations and permit conditions.

Kennecott Minerals Company made an initial investment of \$60 million during mine development and initial startup, which included building the water treatment plant. Net sales revenue totaled \$341 million with net income of \$126 million after operating costs and taxes. Operating costs were largely for payroll, material, supplies and services purchased in the local communities, transportation, and environmental protection. Flambeau paid \$64 million in local, state, and federal taxes. After mining was completed in 1997, approximately another \$20 million was spent on mine site reclamation.

During the life of the mine, the Flambeau Mining Company paid over \$14 million in Net Proceeds Tax to the State of Wisconsin. Of the \$8.6 million, or 60 percent of total NPT paid, that

went to the Mining Investment and Local Impact Fund, roughly \$8.4 million came back to the local units of government in the form of construction year payments, first dollar payments, additional payments to the County, and discretionary grants. Another \$200,000 was transferred from the MILIF to the Wisconsin Department of Commerce and given out in grants to help in the conversion of the Flambeau Mine buildings. Another roughly \$2.7 million came directly from Flambeau Mining Company to the local units of government in the form of direct guaranteed payments. In total, the local units of government: City of Ladysmith, Town of Grant, and Rusk County, received over \$11 million, either directly or indirectly, from the Flambeau Mining Company.

Approximately \$5.5 million, or 40 percent, of the Net Proceeds Tax collected from Flambeau Mining Company went into the Badger Fund. All of those monies was eventually put into the State's general fund and used for state government purposes.

The City of Ladysmith, the Ladysmith Community Industrial Development Corporation, and Rusk County aggressively solicited existing and prospective manufacturing clients to expand and develop economic opportunities made available to the communities through mining impact funds and direct guaranteed payments. As a result of local and community development projects, it is estimated that over 500 jobs were created from payments made to the Town of Grant, City of Ladysmith, and Rusk County.

A secondary benefit resulting from the mining impact funds and supplemental payments was the ability of the local communities to seek other state and federal grants. It is estimated that an additional \$20 million in public and private financing was obtained to enhance the economic conditions of the communities.

The City of Ladysmith and the LCIDC gained a significant amount of land for continued economic development opportunities. Land was granted or acquired from the Flambeau Mining Company for the purpose of developing and expanding business and industrial development. These lands are adjacent to existing industrial parks and the rail spur once used to move ore from the mine. Through the purchase and gift of land from Flambeau Mining Company, the Town of

Grant established an 80-acre business park. This business park is available to commercial and industrial development.

Reuse of the Flambeau Mining Company buildings as commercial and industrial facility space not only allowed for the expansion and relocation of two businesses to the renovated mine facilities, but allowed for expanded development opportunities within the City at the companies' previous locations. Leasing the buildings to the LCIDC and the ability to develop the full 32-acre industrial outlot provides yet another opportunity for continued economic development.

Dismantling the water treatment facility after mine closure was called for within the Local Agreement and Conditional Land Use Permit. At a cost of nearly \$2 million to develop, this state of the art facility had the potential for reuse by another business. Removal of this asset has been identified by local officials as something that could have been done differently within the Local Agreement.

A 1.25 mile railway spur used to remove the ore from the mine site was built by Flambeau at a cost of roughly \$1.2 million. According to the Local Agreement, the rail spur was to have been removed after closure. An amendment to the agreement was completed that retained all but 200 feet of the rail spur east of State Highway 27. This resulted in a regional pulp mill using the spur as a log siding for the shipment of logs to its mill in a neighboring state.

Significant economic development strides were accomplished during and after the time the Flambeau Mine was in operation. This was largely due to the local units of government having the foresight and ability to utilize the MILIF and direct payments from Flambeau. Access to this grant money also allowed the jurisdictions to leverage other significant funds as previously noted. Access to these funds resulted in approximately 443,450 square feet of new manufacturing space. In addition, funds were used to convert vacant buildings into space for manufacturing or business use.

Improvements to existing buildings and development of new manufacturing space can also impact the overall tax base (revenue). Three major developments within the City of Ladysmith

were estimated to have a net impact of \$6.5 million towards the City's tax base. As a result, approximately \$170,000 annually will be shared by taxing jurisdictions.

Several of the economic development projects were packaged in a manner that allowed for lease payments or direct loan payments that will come back to the local communities. These repayments are placed in a Mining Reuse Fund for new economic development projects. At the end of 2004, it is estimated that the Mining Reuse Fund will have a balance of approximately \$730,000.

The Town of Grant has limited its expenditure of funds from the MILIF and direct guaranteed payments. Use of funds has been limited to one joint economic development project (Norse Building Systems) and to the development of its 80-acre business park. Information from the Town was requested as to their fund balance and use of funds, but no data was provided. According to a town representative, the Town is retaining the funds for a potential environmental contamination of the local drinking water supply.

Efforts were made by Flambeau Mining Company to be a good corporate citizen. Many donations of money, land, time, and equipment were given to area residents, local groups, and the local units of government. A major contribution of \$500,000 towards the construction of a new community library in the City of Ladysmith made a much needed facility become a reality. Moreover, the majority of the rest of the funding for the library came from mining tax funds.

In addition to the library contribution, several donations of land from Flambeau Mining Company were given to the City and the Town for recreational and economic development purposes. Trail systems were, and still are, being developed on and around the reclaimed mine site. Business and industry parks were able to be developed and or expanded in the City of Ladysmith and Town of Grant due to the land donations.

Besides the contributions made by the Flambeau Mining Company to support local students and schools, many educational opportunities became available due to the presence of the Flambeau Mine. Internships were available to children of employees and local area students. Valuable

experience was gained by the students, as well as earning a good wage. Job opportunities were also made available to those students/interns that were interested. Scholarships were awarded to dependents of employees during the life of the mine. Furthermore, in 1998, another scholarship program was established to support students from four local high schools, which will continue for 20 years.

While the Flambeau Mine was in operation, people and groups from all over the state, neighboring states, and the world came to tour the mine site and visit the Flambeau Visitor's Center. Over 120,000 people, local and otherwise, visited the Center with its scenic overlook and educational center. In addition to attracting tourists by the sheer physical presence of the mine, Flambeau Mining Company contributed monetarily to the Rusk County Development organization to promote tourism.

Recreational opportunities at the reclaimed mine site and at other Flambeau properties provide opportunities for residents and visitors of Rusk County to enjoy several quiet sports activities. Through continued partnerships between the Flambeau Mining Company, local outdoor clubs, and local units of government, continued planning is underway to link the overall recreational trails and facilities to provide one integrated system.

Throughout northern Wisconsin and Rusk County, development of shore land areas is in high demand. Flambeau Mining Company owns a significant amount of frontage along the pristine Flambeau River. Flambeau could have made a decision to lot off and sell a majority of the river frontage areas for residential development. However, the company committed to preserving the shore land areas under their ownership. This decision continues to protect the stability of the river bank and preserve the scenic qualities of the frontage along the Flambeau River.

Rusk County is a sparsely populated rural county in northwestern Wisconsin that suffers from low wages, a high unemployment rate, and low incomes. Because the Flambeau mine only employed on average about 60-70 employees, the socioeconomic impacts on the surrounding communities was negligible (in terms of population growth, demand on public services, etc.) However, these mining jobs paid higher than average wages and provided health insurance and

other benefits for families. Due to the multiplier effect, it is estimated that for every dollar in salary paid to people at the mine, \$2.00 to \$3.00 more circulated through the Rusk County economy in the form of tax payments and purchases of other goods and services.

Surveys were sent to property owners and businesses in the City of Ladysmith and Town of Grant to gauge their opinion as to the overall impact the Flambeau Mine operations had on their communities and businesses. Overall, attitudes towards the Flambeau Mining Company and its operations at the Flambeau Mine were positive.

Following are several key findings from the community survey sent to the property owners in the City of Ladysmith and Town of Grant:

- Respondents agreed that the Flambeau Mining Company improved the well being of the people in both the City of Ladysmith (73.0%) and the Town of Grant (65.9%).
- Of the 178 respondents (66.2%) from the City of Ladysmith that stated they were concerned about the impact to the environment prior to or during mine construction, 131 (73.6%) responded that the Flambeau Mining Company adequately addressed their concerns.
- Of the 92 respondents (69.2%) from the Town of Grant that stated they were concerned about the impact to the environment prior to or during mine construction, 63 respondents (69.2%) responded that the Flambeau Mining Company adequately addressed their concerns.
- The question, “If another ore deposit were found in the vicinity of your community, would you welcome Flambeau Mining Company back to mine it,” found 75.7 percent of respondents from the City of Ladysmith and 74.2 percent from the Town of Grant replied “Yes.”

- The question, “Did the Flambeau Mining Company keep their promise to protect the environment,” found that 88.7 percent of respondents felt Flambeau Mining Company had kept its promise.
- The question, “Did the Flambeau Mining Company keep their promise to provide economic benefits,” found that 77.3 percent of respondents felt Flambeau Mining Company had kept its promise.
- Ninety-three percent of respondents felt that Flambeau Mining Company did keep its promise to the question, “Did the Flambeau Mining Company keep their promise to reclaim the mine site.”
- To the question, “How much in total do you think local governments (Grant, Ladysmith, and Rusk County) received in mining taxes and proceeds from the Flambeau Mining Company,” only 9.1 percent chose the correct range of \$10,000,000-\$14,999,999. The largest percentage of respondents (29.7%) thought the local governments had received only \$1,000,000-\$4,999,999.

Following are several key findings from the business and commerce survey sent to the business owners in the City of Ladysmith and Town of Grant:

- To the survey question, “Were you expecting to get any business from the operations at the Flambeau Mine,” 44.9 percent responded “Yes” and 55.1 percent responded “No.”
- To the survey question, “Did the Flambeau Mining Company or its contractors or subcontractors purchase goods and materials from your business,” 44.3 percent of respondents answered “Yes” and 55.7 percent responded “No.”
- The statement, “Overall, did the presence of the Flambeau Mine benefit your business,” found 12.5 percent of respondents had significant benefit, 53.5 percent had somewhat of a benefit, 30.0 percent not at all and 5 percent did not know.

An unexpected benefit for the local units of government and residents in the area that came out of the Flambeau Mine project is the partnerships that were formed or strengthened in the process of developing the projects that were undertaken with funding from mining related sources. Rusk County, the City of Ladysmith, and Town of Grant negotiated and executed not only the first “local agreement” on mining as permitted by Wisconsin law, but the first and, thus far, only such agreement developed and executed jointly by several units of government.

Successful economic development projects for the local units of government, which in turn benefited all residents of the area, grew out of the partnerships that formed during this time period. Monies that came out of the Flambeau mining operations made it all come together.

The Flambeau Mine project provides a good example of protecting the environment and providing economic and social benefit to the communities surrounding the mine. Throughout the life of the mine, all environmental regulations were complied with and permit conditions were met. Environmental protection and monitoring of the Flambeau River and local groundwater will continue for many years. Sustainable economic development was achieved with investments in economic projects by the local units of government from Net Proceeds Tax proceeds and the leveraging of other public and private monies. Donations to the local communities and organizations by Flambeau Mining provided social benefits still being enjoyed today by area residents.