

SYNOPSIS

This study was done to reveal the socioeconomic impact the Flambeau Mine had on the communities surrounding the mine: the City of Ladysmith, Town of Grant, and Rusk County. The Flambeau Mine was the first copper sulfide mine in Wisconsin and the first to be permitted under Wisconsin's modern and stringent mining laws.

Twenty years after Kennecott Minerals Company first discovered the small, but rich, ore deposit along the Flambeau River in Rusk County, and after many hearings, meetings, and protests, an unprecedented Local Agreement was signed with the local units of government in 1988. Protection of the Flambeau River was of primary concern to the local residents, thus building a state-of-the-art water treatment facility was a condition of the Local Agreement. After some delays, construction of the mine began in 1991, the first ore shipment was in 1993, and the last ore shipped in 1997. Reclamation of the mine site was completed in 1999.

Rusk County is a sparsely populated rural county in northwestern Wisconsin that suffers from low incomes, a high unemployment rate, and low wages. The mining industry is the highest paying industry in the State. During Flambeau's years of operation, 81 percent of its employees were local residents; thus most of these wages were spent in the local economy causing a multiplier effect in the communities.

The Local Agreement set many requirements and conditions for Kennecott, including "guaranteed payments", which were over and above the Net Proceeds Tax (NPT) required by Wisconsin Statutes to be paid on the profits of the mining company. Sixty percent, approximately \$8.6 million, of the NPT paid by Flambeau Mining Company went into a Mining Investment and Local Impact Fund (MILIF). Almost all the monies in the MILIF came back to the local units of government in yearly payments and discretionary grants.

Economic development was foremost on the minds of the officials of the local units of government and they invested the mining tax revenues to construct or renovate buildings for sale

or lease to businesses. In addition, a Mining Reuse Fund was established to help companies get started or expand. This unprecedented level of funding to the local units of government leveraged funding from many public and private sources, brought new tax base to the area, and created hundreds of new jobs. Consequently, the boom-bust cycle generally associated with mining projects was negligible.

Flambeau Mining Company proved to be a good corporate citizen and made many donations of money, land, time, and equipment. Of considerable note is the donation of \$500,000 towards a new community library. The City and County used tax revenues to match the donation and make the new library become a reality. Several donations of land for recreational and economic development were made to the local units of government. In addition, scholarships and internships for local students were a large part of Flambeau's contributions to area residents.

The Flambeau Mining Company still owns considerable acreage, including some new residences, in and around the mine site. Reclamation of the Flambeau Mine site included four miles of recreational trails intended to promote educational opportunities for school and special interest groups. Flambeau Mining Company has expressed its commitment to protect the Flambeau River by keeping company-owned undeveloped river frontage in its natural state.

All the mine facilities were leased to the Ladysmith Community Economic Development Corporation (LCIDC) by Flambeau Mining on a long term basis. Buildings on the mine site have been modified by LCIDC and the City of Ladysmith and subleased for other uses by the Wisconsin Department of Natural Resources and a local public utility company. Most of the railway spur built by Flambeau has been retained and runs through the Rusk County Forest Industry Park to be used by companies leasing land in the park.

Surveys were sent to property owners and businesses in the City of Ladysmith and Town of Grant to gauge their opinions on the social and economic impact the Flambeau Mine had on their communities and businesses. Overall, attitudes towards the Flambeau Mining Company, its operations at the mine site, and involvement in the communities were positive.