

Mr. Tom Harrington
Assistant Manager
Jefferson Local Development Corporation

Testimony
Before the Committee on Resources
United States House of Representatives

Hearing on Sustainable Development Operations
In Mining Communities Part II
July 28, 2005

Good Morning Members of Congress:

It is a pleasure to be here today and provide you with information about the on-going Sustainable Development journey between the Golden Sunlight Mine and the community of Whitehall, Montana.

Orient you to the area: (Show the MT Map slide and the Golden Sunlight Mine open pit slide)

As a local economic developer my focus is on creating jobs and tax base in Jefferson County, Montana focusing on the community of Whitehall where the Golden Sunlight Mine has been in existence since 1982. We all know the “boom and bust” tradition of mining from a historical perspective. Montana, known as the “Treasure” State, has a rich mining heritage as evidenced by our state seal that has the words inscribed “*Oro y Plata*” (Gold and Silver).

In our state, many community economies thrived as mining operations started, grew and developed. As the economic life of the mining operation eventually played out, the mine inevitably slowed-down and eventually closed resulting in devastating local economic impacts in many cases. Many of these once thriving communities, (to name a few: Marysville, Silver Star, Elkhorn, Virginia City, Bannock, Anaconda, Garnet, and Highland City,) either closed or dwindled into obscurity with the only tangible legacy of mining being landscape scars and abandoned buildings. These communities and countless others are a examples of the impact of the mining culture of the past.

Today the mining industry is undergoing a cultural shift and philosophical change related to mining in the modern day world. The need to fully understand and assess the environmental, social, and economic impacts on the local community and to mitigate these impacts has become an essential aspect of successful mining. This is known as “Sustainable Development”. Jefferson County has a heavy reliance on mining with 3 of 4 of the top taxpayers being mining firms. The need to implement an effective Sustainable Development program is essential to maintaining the current quality of life of the area residents. The assessment of community needs will vary from location to location depending on the existing environment. Mining organizations today need to be able to assess a community profile and adequately

address area stakeholder and Non-Governmental Organizations (NGO's) concerns through the life of a mining operation. The information age and computer technology has created intelligent and astute area stakeholders and sophisticated Non-Governmental Organizations (NGO's).

The challenge for Sustainable Development is how to measure the program effectiveness. Many quantifiable environmental standards exist in regulatory guidelines and operating permit requirements to help guide us in how to do it right. Golden Sunlight Mine has had great success with steep slope reclamation (*show slide of steep slope reclamation*) and has been recognized for their outstanding reclamation program. To date they reclaimed over 1060 acres at a cost in excess of \$20 million dollars and still have a \$54 million dollar bond in place. (*show slide of view of Golden Sunlight Mine from Whitehall and Interstate-90*) Golden Sunlight Mine's visible location along a major interstate highway impacts millions of by-passers annually and visually demonstrates how good reclamation practice takes care of the environment.

However , when you look at the social and economic standards there are no industry road maps or checklists that rate the effectiveness of a community sustainability program. What this means is the criteria and measurement of these key components of sustainable development must come from the corporate leadership. This is more than just establishing a formal corporate policy or philosophy that is published in the corporate literature. It is imperative the corporate leadership believes and is committed to the principles of Sustainable Development and understands the relationship it has to shareholder value. We are fortunate that Golden Sunlight Mine's parent company, Placer Dome, has a strong commitment to Sustainable Development and community partnerships that has been implemented by the Golden Sunlight Mine. Without

this active leadership commitment and focus, the process of Sustainable Development would likely have been doomed to fail at the mine operator level. Ultimately, the local area stakeholders and community will validate and be the true measure of success of a Sustainability Program.

So, how do we implement a successful community Sustainable Development program? Several years ago the Golden Sunlight Mine was anticipating mine closure. Then Mine General Manager Doug Bailey had a vision to get the community involved in the process of how to mitigate the looming economic

impact. Our lessons learned during this journey identified five key areas that helped set the stage for success. I would like to briefly highlight the importance of these areas.

1. Teamwork: You must get the local mine leadership and key local area stakeholders involved as early in the process as possible. In our case, a coalition of area stakeholders was organized called the Community Transition Advisory Committee (CTAC). These key stakeholders have met monthly to address community issues and concerns and have been directly involved in key discussions relating to the mine. Community Transition Advisory Committee (CTAC) members represent a broad cross-section of the area including the President of the local bank, County Commissioner, Mayor, local development corporation representative who also has his own environmental consulting firm, a member of the Montana Fish, Wildlife, and Parks Commission who is also a local business owner, and the President of the local chamber of commerce. The primary focus of this group has always been to sustain existing mining operations while planning for the long-term. This open and direct communications link between the community and the mine facilitated dialogue on future mine asset re-utilization, economic development opportunities and mine strategies.

2. Information Flow: It became evident the flow of information up, down, and across all lines of communication needed to be functional and effective. The issue of what and how much information a mine is willing to disclose to area stakeholders on current operations will always be an item of debate. A large key to our success was an open and honest flow of information on many aspects of the mine operation that allowed the Community Transition Advisory Committee (CTAC) members to be a conduit to the community. It is also important to remember that bad news doesn't get better with age and these key community leaders can be a valuable resource to existing operations and this group of highly visible community members became a direct conduit for information flow. Good, timely and accurate information flow became an essential part of developing a relationship that is built on trust and candor.

3. Public Relations: Keeping everyone informed, especially the public, as new information becomes available is an on-going challenge. The implementation of public meetings, routine newspaper articles, and the easy accessibility to the team members was essential. Periodic sampling of the local community on how information flow is working and how current perceptions integrate with the team direction and actions is essential to avoid tunnel vision. Using an outside agency to survey and poll the community about on-going operations, decisions, and ideas can help keep the focus. We did a community survey that validated the committee direction was on track and in concert with the community.

4. Tenacity: Good projects and ideas will always have strong competition. We found that nothing comes easy and commitment and dedication will increase the probability of success. As challenges develop the committee was able to analyze and assess impacts and implement alternative plans by selecting the next best course of action.

5. Remain Positive: The world is a place of constant change with many dynamic situations and it is imperative to always look for the good aspects and silver linings. Positive attitudes create a synergy that gets people wanting to be actively involved in a project and sustains momentum. It is important for the key members of the team to be optimistic and forward looking.

When you have a community program that is working in concert with the existing mine operation it creates a harmony and spirit of cooperation that directly benefits the community and the mine operation in both tangible and intangible ways. There are several positive effects of the Golden Sunlight Mine Community Advisory Transition Committee process that directly benefited Golden Sunlight Mine and the overall mining industry in Montana. Just a few examples:

- The 2003 legislative session saw some significant changes to existing State

Law that have had a positive impact on mining. A couple of highlights are:

- In the past, mining operations were required to return their sites back

to as close to pre-mining operations as possible and was included as a part of the on-going bonding process. This meant millions of dollars of useful infrastructure was removed at the end of mining at a tremendous cost to a mining company. A bill was introduced and passed that changed existing law to allow mine operations to enter into an agreement with economic development organizations that could use this infrastructure to mitigate the economic impact from mine closure. This bill also allows existing mine operations to decrease their existing bond requirement.

- o Change of venue for court review - An action to challenge the

issuance of a certificate must now be brought in the county in which the activity occurred. In the past, litigation issues were filed in district courts that may have exhibited more favorable outcomes toward certain causes. Now, litigation must be filed in the county where the operation is located.

- The integration of the Golden Sunlight Mine into the community over the

past twenty years has had far reaching impacts. They are an active partner and have been directly involved with the community in many different arenas. A few areas that they have directly impacted are medical equipment purchases, search and rescue equipment donations, assisted the library expansion program, helped with equipment and manpower during local flooding, assisted with nearby wild land fire fighting, donated computers and musical instruments to area schools, provided resources to rebuild the school roof, donate thousands of dollars each year for college scholarships, have education field days at the mine site, work with academia on testing and research, allow recreational use of their non-mining property at no charge, provided property for an outdoor Lewis and Clark theater play, assisted with a wild turkey stocking program that now allows a turkey hunting season, support local sportsman organizations, contribute annually to the local baseball programs, donated land and assisted with the development of a family fish pond, and provided the initial resources for a community endowment program. There is also a local grant program and business loan fund that has in excess of \$800,000 that is comprised of tax dollars from the GSM. These tax dollars converted to grants have allowed the local community to improve the rodeo grounds, baseball fields, build soccer fields, expand the local library, helped an outdoor theater group, assist a local brain injury treatment facility, and assisted a business park develop infrastructure. Two major projects being worked are the Sunlight Business Park development and wind energy development. GSM donated 200-acres of their property along the interstate for the development on a business park that would allow the creation of jobs and tax base. *(Show slide of Business Park)* They are also pursuing wind energy development on site that is a great story about extractive industry that has a declining resource utilizing existing mine infrastructure to develop a renewable energy source that benefits the local community.

As you look at the GSM over the past twenty years and talk with area residents you see a definite trend that the mine is truly integrated into all aspects of the community. When you further analyze the relationship you realize the community

is also comprised of many mine employees and their immediate and extended families. The culture and attitude of the mine carries over into many different facets of the community culture. You see miners and family members as part of the Parent Teacher Association, school board, local government, youth programs, and charitable fundraisers. They are the coaches of local sports programs, leaders in scouting programs, involved with the local 4-H, and participate in many non-profit and civic groups. This direct community involvement by mine employees and family actually has a significant impact on the local culture and ideals. You see the positive impact of the mine culture being permeated throughout the community culture. Things like the company safety procedures becoming implanted in many local community operations and functions. Miners have a strong work ethic that is instilled into our schools and many community programs. These positive factors helped establish a strong base for future economic development opportunities. This cultural integration also has an added benefit of educating others from the non-mining public as they come in contact with these mining individuals while participating in these many activities. This routine contact with people not familiar with mining can have a tremendous positive future impact on mining legislation and laws. These better-informed voters will be able to make good decisions as mining issues come up for voting.

In conclusion, Sustainable Development is here to stay in the mining industry. It is more than just talking the talk – it is about understanding the benefits and actually walking the walk. As in the words of a former Golden Sunlight Mine General Mine Manger, *“ One of the most successful things we have done in preparing for closure is involving the community. Any time you do that, you generate a lot more trust. Through this committee, the community of Whitehall gives this mine its license to operate.”*

Mining companies that fully understand, embrace, and implement Sustainable Development in future operations will be the industry leaders. Their past performance will pave the way for future success as new mining ventures are explored and developed. The commitment to Sustainable Development should reward these high performance organizations with reduced costs that will directly correlate to increased shareholder value.

