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MEMO

Date: June 7, 2010

To: Leonard Fiorenzi, Eureka County Commission Chair

From: Abby Johnson, EIS Coordinator



RE: Housing impacts to Eureka County from pending projects
Fiscal impacts to Eureka County from projected growth

The purpose of this memo is to summarize the likely demands on Eureka County from area projects and existing demands, and to quantify the costs.

Housing

Currently there is a housing shortage in southern Eureka County, without considering the future impacts from the Mt. Hope project.

Current needs: There is a current need for additional adequate and quality housing in southern Eureka County. The lack of quality housing impacts turnover rates, retention rates, and the ability of local governments and private businesses, including mines, to hire and retain employees.

- The sheriff reports that of his 18 full time staff, between 3 and 4 current employees are in temporary housing, and are looking for something more permanent. He also reports that in filling vacancies, housing is his biggest challenge.
- The County's human resources manager confirms that housing is a constant challenge regarding hiring personnel who do not live locally. The lack of available and adequate housing means that new county employees must commute from Carlin, Ely or Elko. The restrictions in FHA mortgages and the difficulty in obtaining conventional financing are obstacles to purchasing a home in the area.
- Barrick Ruby Hill is searching for additional, adequate housing for their 130 personnel. While they strive to increase the number of housing units that they own or control, the lack of available quality housing contributes to the 20-25% turnover rate over the past three years. The need for duplex or multi-family apartment units is a priority. While the current mine life is 2014, there is potential for more years of mining.

- Staccato Gold BH Minerals merged with Timberline which is moving forward immediately on a 3 year predevelopment project near Windfall Canyon that will employ 5 people, plus 6-10 drilling support from May to November. They are currently seeking housing and office/warehouse space in Eureka.
- The school district has budgeted in the next fiscal year for two modular homes for vacant parcels in order to provide new teachers with a place to live, in order to cope with the housing crunch.
- The Bureau of Land Management's Bald Mountain North Operations Area Final EIS issued in August of 2009 indicated that "few new employees [of the approximately 160 new employees] are likely to find housing in Eureka because of the current shortage...In the long run it is likely that the supply of housing in Eureka and Ely would expand to meet the increased demand. However, until that happens, the great majority of new employees would probably find housing in the Elko area." This is further documentation of the housing shortage and the regional housing linkages between Eureka, Ely, and Elko for housing needs and impacts.
- Note: The Tonkin Spring mine project does not currently need housing.

Near future needs: In the near future, southern Eureka County will experience additional housing pressures from area mines whose employees need a place to live and prefer to locate in a small community with basic services.

- Rocky Mountain Resources is developing a vanadium mine south of Eureka. If the development is successful, they expect to employ 30 people in beginning in 2012, for a 10-15 year project life. Employees would be heavy equipment operators and technical/engineering staff, and are likely to seek housing in Eureka.
- Eureka may attract workers from the expansion of the Cortez Hills project; some are already commuting from Eureka.
- There are a number of small mining projects and sites in northern Nye County which could become active, further stressing the housing needs in Eureka.

Mt. Hope project: While it is premature to make specific population or employment calculations prior to the release of the Mt. Hope EIS, in general, the mine anticipates about 500 construction workers during the 18 month to two year period, and ultimately about 500 permanent operations work force, with a peak employment of construction and operations nearing 1000. However, not all employees are projected to live in Eureka. It is estimated that 80% of the construction work force will need housing in Eureka during the 18 month to two year construction phase (full or part time.) For the initial operations phase, it is estimated that 35% of the operations workforce will live in southern Eureka County.

In December of 2008, Rex Massey provided the Eureka County Commission with a "Fiscal Impact Review and Analysis of the Mt. Hope Project." Between 300 and 500 construction works will live temporarily in Eureka during the majority of the construction phase. According to Rex Massey's analysis, we expect 107 permanent households living in the area during construction. Total mining related population living in southern Eureka County part or full time during construction may exceed 800.

For the operations phase, Rex Massey estimated that about 140 mine operations employees will relocate to Eureka along with 160 mine operations employees who will live in the community part-time during the workweek. Direct jobs plus secondary and infill/replacement jobs will result in nearly 406 employees relocating to southern Eureka County.

Housing summary: Considering the current and near term housing needs, it appears that a mix of one and two bedroom apartments, duplexes, single family homes, and RV hookups are needed to accommodate the housing needs described above. To assist the County in addressing the housing shortage, I contacted Nevada Rural Housing Authority and their real estate manager David Craig. NvRHA may be able to provide the County with technical assistance and may have housing resources to begin to address the looming housing crisis.

Fiscal impacts from growth

The influx of population will place additional burdens on County services and infrastructure, especially public safety.

Based on Rex Massey's analysis provided to the Commission in December 2008, we have the following estimates. Rex conducted interviews with County personnel to determine needs based on the Mt. Hope project alone. The analysis did not consider additional demands from other sources, as stated above. I have attached the summary spreadsheets from his analysis at the end of this memo to provide a summary of the likely impacts of population increase from the MT. Hope project.

These estimates are useful in considering the likely costs to the County from the Mt. Hope project. However, they are also appropriate to consider in light of the additional projects and growth pressures that the County is experiencing. The estimates may be useful to the Commission as it considers how to prepare for the coming growth impacts from Mt. Hope and other projects.

Please note that in the area of public safety, he has identified a need for 5.5 FTEs for the Sheriff's office, and 2 FTEs for emergency medical services. In addition, the Sheriff's office, EMS and fire department identified initial capital improvements. Finally, in order to be ready for growth, many of these fiscal impacts require implementation in advance of the impact in order to control and address the demands of growth.

Summary

Southern Eureka County is experiencing a housing shortage that affects the ability of businesses and governments to hire and retain workers. The anticipated growth from the Mt. Hope project combined with mining and other projects in the region is going to increase the demand for available, adequate and affordable housing in Eureka. Of special concern to the County is the challenge of hiring new public safety employees, in advance of the mine construction, and ensuring that they can be trained and retained. Housing is essential to the success of this public safety effort, and to the County's ability to keep pace with the growth.

Table 6-1 Fiscal Impact Summary

Department	Additional Annual Operating Costs	Initial Capital Improvements	Required FTEs	Explanation
Sheriff's Department				
1. Staff	\$475,000		5.5	
2. Jail Expansion		\$1,500,000		20% increase in Jail Capacity
3. Other Adm. Improvements		\$750,000		Booking and Admin. Functions
4. Vehicle/Equipment Purchase		\$75,000		2 patrol vehicles plus equipment
5. Office Equipment		\$15,000		
Emergency Medical Services				
1. Additional Staff	\$110,000		2	
2. Ambulance		\$160,000		
3. Operating Costs	\$100,000			
Fire Department				
1. Additional Equipment				Mid-size structure truck - \$450,000
2. Diamond Valley Station				Station costs: \$350,000 - \$800,000
Public Works				
Additional Administrative Staff	\$125,000		2	Asst Director and Admin position
1. Water				
1a. Staff	\$110,000		2	Shared with wastewater system
1b. Groundwater rights		\$0		277 units X \$1500/AF.
1c. Allocated storage capacity		\$990,345		660,230 gallons @ \$1.5/gallons
1d. Pump Station		\$315,000		50% cost of booster pump and pump station
1e. Operations				Covered by monthly user fees
1f. New water source	na			Mine improvement \$2.0 million
				Arsenic treatment will cost \$20-\$25 per mo./user

1g. Distribution system upgrades					Undefined
2. Wastewater					
2a. Treatment and Effluent Cap.		\$969,500			277 unts X 250GPD X \$14 per gallon
2b. Additional staff-shared with water					EML tentatively agreed to construction Covered by monthly user charges
2c. Outfall Pipe		\$777,600			Cost allocated based upon utilization
2d. Effluent disposal capacity		\$200,000			60K-70K gallons @\$2-\$4 per gallon
3. Stormwater Drainage					
3a. Additional Staff	\$10,000			0.15	Recommend-Increase in utility charges
3b. Equipment		\$450,000			Vacuum truck
4. Landfill Operations					
4a. Landfill Capacity		\$720,000			Mt. Hope estimated capacity utilization 40%
4b. Additional Staff	\$110,000			2	
4c. Add't Operational Costs	\$170,820				Based upon \$.15/lbs.
5. Recreation					
5a. Additional Staff	\$20,000			0.25	Summer Causal Labor
5b. Additional Facilities					Undetermined-Indoor Recreation
6. Streets and Roads					
6a. Additional Staff	\$120,000			2	
6b. Operating Costs	\$125,000				Materials and supplies
6c. Curb, gutter, parking, etc.					Undefined improvements
6f. Equipment		\$250,000			Snow Blower
District Attorney's Office					
1. Additional Staff	\$170,000			2	
2. Equipment		\$20,000			
Justice Court					

1. Additional Staff	\$67,000			1	
2. Equipment		\$20,000			
Public Defender					
1. Legal Aid Representation					Additional Costs Undefined
Juvenile Probation					
1. Additional Staff	\$60,000			1	
2. Program Operating Costs	\$43,475				Recreation and Grants Program
Recorder/Auditor					
1. Additional Staff	\$60,000			1	
2. Equipment and Operating	\$5,000				
Assessor					
1. Additional Staff-DMV	\$43,500			1	1 to 2 FTEs, 1 probably, 2 maybe
2. New Office Space DMV		\$20,000			DMV should have separate office
Clerk/Treasurer					
1. Additional Staff	\$52,000			1	
2. Equipment		\$12,000			Election machine and minor office equipment
Social Services					
1a. Additional Staff	\$43,500			1	
Health Clinic					
1. Additional Staff/Operating Costs					To be determined
Total	\$2,020,295	\$7,232,445		23.9	
	Operations	Capital Costs		New FTEs	