

Memo

3/15/11

To: Economics Subcommittee, AJMAC (copies to all AJMAC members and to website)

From: Gregg Erickson

Subject: Preliminary Economic Impact Analysis

I am in the process of analyzing the economic effects of adding 200 gold ore mining jobs in Juneau. So far in this analysis I have used an econometric model* to estimate the economic impacts on the borough in 2011 if the new jobs had been added in 2010.

Results suggests the following:

Employment. Borough employment would grow by about 330 jobs, about 1.9 percent. There are about 17,600 jobs, borough-wide.

The 130 new jobs created outside the gold mining sector would be spread widely and thinly across the borough economy. Most sectors would see employment grow by about 1 percent.

Governments, which accounts for roughly 7,300 jobs in Juneau, would add 30 new jobs as a result of the mine, the largest absolute increase of any sector. The percentage impact of the mine on government employment would be 0.4 percent, one of the smallest.

Earnings. Total earnings would increase by about \$22 million, a 2.3 percent boost. Borough-wide earnings per worker would increase by 0.7 percent. The model suggest that average earnings per new mine worker would be about 2.5 percent less than the borough's current mine workers now earn.

My plan is to (1) conduct some additional model runs to round out the impact numbers and implications, (2) review Mr. Watts estimates of royalties and tax revenues using Mr. Smith's tonnage and ore grade estimates, (3) establish a "high" and "low" revenue scenario. Some of this work will be done by the time we meet at noon Thursday; I will bring what I have to that meeting.

*The economic impact model is owned by Economic Modeling Specialists, Inc. (www.economicmodeling.com) of Moscow, ID.