

# The Haines Mining Sector

Annual Economic Impact of \$5.2 million and Nearly 100 Jobs

Mining is a significant contributor to the Haines, Alaska, economy and has the potential for growth that would provide additional high-income jobs, compliment other local industries, and diversify the economy. The full economic impact of mining activities in the Haines Borough – including all wages, spending, and secondary impacts – was \$5.2 million in 2016. Nearly 100 Haines residents had a job connected to the mining industry at some point during the year (including temporary and indirect jobs), which translates into 40 direct year-round equivalent jobs with associated direct annual earnings of \$3.4 million.

## Haines Residents Working in Mining in 2016

Includes Full Time, Contract, and Temporary Jobs



### Commuters: Kensington & Greens Creek Workers

Haines is an attractive place to live for regional mining workers. There are 26 mine workers who live in Haines and commute to jobs at one of the two large mines operating in Southeast Alaska. These workers brought their estimated \$2.7 million in combined earnings back to Haines with them last year.



### Exploration: The Palmer Project

In 1969, local Haines prospector Merrill Palmer staked some promising claims. Today those claims are the heart of a mineral exploration project operated by Constantine Metal Resources that has the potential to become a future high-grade, underground copper-zinc-gold-silver mine. Last year 39 Haines residents worked on the project in areas like road building, drilling, and field work.



### Stars: Made for Television

In 2010 the reality TV series Gold Rush aired, following placer gold miners near Haines. The show became the most watched program on TV for men between 18 and 35. A new show is now being filmed in the area and in 2016 television cast and crew members spent an estimated \$225,000 in Haines. The national spotlight also brings a significant but unmeasured tourism impact.



### Placer Miners, Gravel Quarrying, and Road Builders

A handful of local placer miners still work claims in the area, though activity is not what it was during the initial gold rush at the turn of the 20th century. Gravel mining is an essential part of the local construction industry. Mining exploration in Haines relies on local construction firms for their roadbuilding expertise.

# A Long History and a Bright Future

Mineral exploration and mining have been a part of the Haines economy since gold was first discovered there in the 1890's. The famed Dalton Trail initially set up Haines as a supply center for prospectors on their way to the Yukon. In 1898, packers on the Dalton trail panned gold nuggets and the gold rush began to what is now the Porcupine Mining District within the Haines Borough. By 1901, the Porcupine townsite had grown into a lively community, complete with with a mining recorder's office and post office. The Haines area was known for its highline mining flume, one of the largest ever constructed in North America. The District produced at least 76,000 ounces of gold prior to 1936 (an amount worth more than \$90 million in 2017). The creeks in the area are still being worked by a few individuals today, including Fred Hurt ("Dakota Fred") and the Schnabel family, both featured in the Discovery Channel reality TV "Gold Rush" series.

Mining in Haines began when nuggets were panned in the Porcupine Mining Area in 1898



## The Potential of the Palmer Project

The most promising mineral exploration in Southeast Alaska is currently happening near Haines. It is known as the "Palmer Project" named for the local prospector who first identified the mineral potential of the area in 1969. Merrill Palmer and his partners have continued to lease the property to various mining companies in hopes of one day developing an underground mining operation. Constantine Metal Resources and their partner have invested nearly \$30 million in the discovery and study of this bona fide mineral deposit rich in copper, zinc, gold and silver. While still too early to know if this resource will grow into a viable mining operation, Haines will continue to benefit from ongoing exploration activities to expand and evaluate the Palmer Project potential.

**In 2016, 39 Haines residents worked on the Palmer project.** Constantine Metal Resources hired 16 employees in Haines, along with another 6 Haines contractors. In addition, the organizations hired by Constantine used another 17 Haines based employees to do work related to the Palmer Project last year. These Haines residents earned more than a half a million dollars in 2016.

**The direct and indirect impact of spending in Haines by Constantine through wages and other local payments was \$1.3 million in 2016.** In addition to payroll, Constantine spent \$600,000 in Haines last year, including \$27,750 paid in sales tax to the Haines Borough for local purchases, and contributions of \$7,600 to local organizations through donation and sponsorship. There were also payments totaling \$162,400 to State agencies and property owners. The secondary economic impact of wages and direct spending was \$200,000.

**Significant potential for future growth.** It is still too early to know what a future Palmer Project mine will look like. However, a third underground mine in Southeast Alaska could potentially create several hundred new high paying, year-round jobs, and provide additional benefits to the local community in the form of a diversified economy, increased tax payments, higher school enrollment, workforce training opportunities, and increased local commerce.



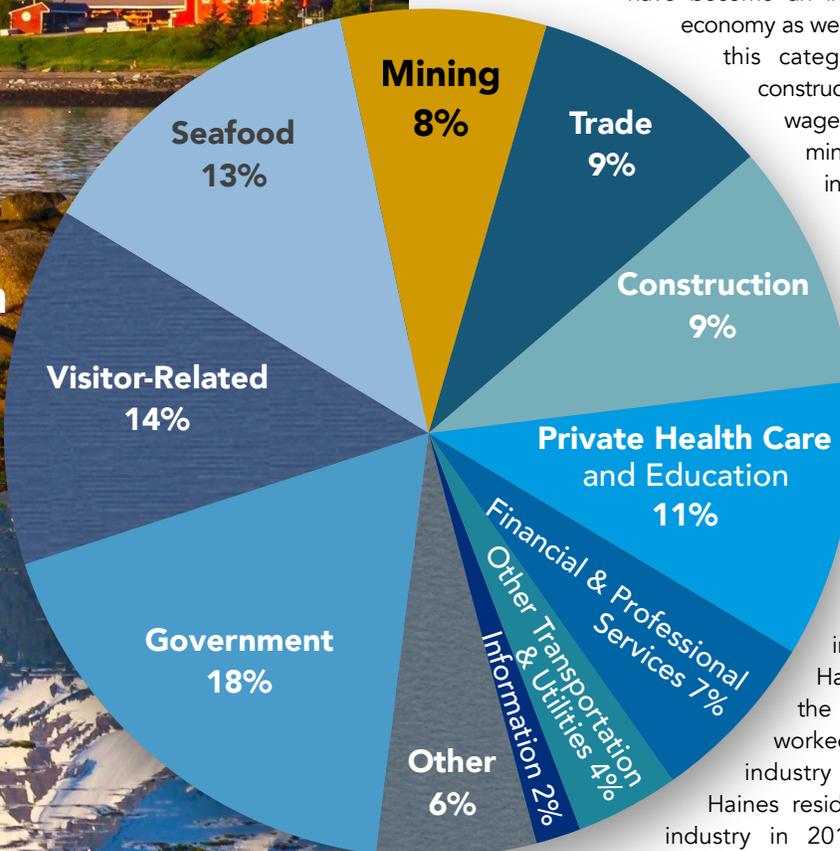
The Constantine team and their families

# The Role of Mining in the Haines Economy

## Average Annual Earnings (Based on year round equivalent jobs)



## Haines Borough Workforce Earnings by Industry



### Mining Accounts for 8% of all Resident Workforce Earnings

Last year, just over 1,300 Haines Borough residents earned \$44.2 million in employment income. Government, tourism, and seafood are the top sectors in Haines. These are followed by the health care, construction, and trade industries. But the next industry acting as an economic leader in Haines might come as a surprise. Mining accounted for 8% of all workforce earnings in the Haines Borough last year. In 2016, mining workers in Haines earned \$3.4 million. This means that mining is twice as important to the Haines economy as to Southeast Alaska as a whole, where mining represents 4% of all regional wages.

Mining has not traditionally been considered a lead industry in Haines, as there is no active mine in production. However, there are several important components that comprise this sector. Most of the local impact comes from the earnings of the 26 Hecla Greens Creek and Kensington Mine workers who choose to live with their families in the Haines area. These workers earned an estimated \$2.7 million in 2016.

As Constantine Metal Resources has forged ahead with exploration activities for the Palmer Project, their employees and contractors have become an important piece of the Haines economy as well. The remainder of earnings in this category includes mining-related construction activity; gravel quarrying; wages paid to residents supporting mining television productions; and independent placer miners.

### Nearly 100 Workers

Analyzing annual equivalent jobs (the number of jobs every month, divided by 12 months) is helpful because it allows for comparison across industries. By this count there are 40 annual full-time equivalent mining jobs held by Haines workers. However, since much of the work in this industry happens seasonally in Haines, it is also useful to count the total number of locals who worked at some point in the mining industry last year. There were 79 Haines residents involved in the mining industry in 2016 and 19 additional jobs created through the economic multiplier effect.

### Highest Annual Earnings

The Haines mining sector also stands out as having the highest-paid workers in the borough, with an average wage of \$86,600 – more than twice the average annual wage of \$34,000. This is an average of all annualized jobs divided by total earnings.

**Sources:** Alaska Department of Labor data, US Census nonemployer data. Mining specific data provided by employers and 2016 data was used in place of 2015 numbers. **Notes:** Chart includes all wage and labor data and all self-employment data (such as commercial fishermen). Excursion Inlet non-resident employment is excluded from this analysis. Construction employment occurring outside the borough by non-Haines residents is also excluded. Analysis by Rain Coast Data.

# Haines Mining by the Numbers, 2016

When it comes to local employment and investments, what happens in Haines stays in Haines. The economic impact of mining is not limited to mining workers, contractors, and company spending. There are indirect and induced contributions associated with the multiplier effect of local purchases and the consumer spending. When all direct and secondary effects of mining related wages and spending are considered, the mining sector had a \$5.2 million economic impact in Haines in 2016.

TOTAL ANNUAL HAINES MINING IMPACTS	2016
<b>Earnings</b>	
Total direct mining sector employment earnings by Haines residents	<b>\$3.4 million</b>
Total direct and secondary mining sector employment earnings by Haines residents	<b>\$4.1 million</b>
<b>Jobs</b>	
Total direct year-round equivalent mining jobs held by Haines residents	<b>40</b>
Individual Haines resident that worked in the mining industry last year (includes full time & temporary)	<b>79</b>
Total direct and secondary mining jobs by Haines residents (includes full time & temporary)	<b>98</b>
<b>Other Spending</b>	
Total direct spending by mining industry (in addition to wages)	<b>\$812,560</b>
Total direct and secondary spending by mining industry	<b>\$918,930</b>
<b>Additional Public Benefit</b>	
Total estimated state contribution to the Haines School District for children of mining families	<b>\$141,480</b>
<b>Total estimated 2016 impact of mining in Haines</b>	<b>\$5.2 million</b>

The Haines mining sector is growing. The community now plays host to mining exportation, mining families, and mining television productions. Each of these elements attracts new outside dollars to the area, growing the local economy in a myriad of ways. The charm and desirability of the community have been a draw for mining workers who are able to live in Haines and commute to work elsewhere. Their local expenditures end up in the pockets of businesses across the borough in the form of ferry tickets, restaurant tabs, art purchases, property tax payments, groceries, and other supplies. Their children increase the dollars the state sends to the local schools. The area also has attracted television productions hoping to capitalize on Haines mining history and its beautiful vistas. These television shows act as a marketing draw for the community, generating tourism and tourism spending, along with money spent on the productions themselves. Through its mining exploration activities, Constantine Metals has brought nearly \$30 million into to the community over the past 10 years. These various elements work together and form a strong and growing mining sector.



Workers from the Hecla Greens Creek and Kensington mines arrive home on the Alaska Marine Highway ferry in February. The way shifts are structured allow workers from these mines, which are in the City and Borough of Juneau, to live in the community of their choice. Significant economic activity is generated as these workers spend their paychecks in the Haines area.

## Mining Kids

The children of those working in mining bring dollars to the Haines School District through the state base student allocation and schools grants — \$9,432 per student in Haines in FY16. There are currently 15 kindergarten through 12th grade kids of Constantine, Greens Creek, and Kensington workers (and more on the way) who together helped bring \$141,480 to Haines last year.

