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PUEBLO OF ACOMA
ECONOMIC & RURAL DEVELOPMENT COMMITTEE
STATEMENT BY
GOVERNOR GREGG SHUTIVA
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Good afternoon Mr. Chairman and members of the committee. My name is Joe M. Aragon, Jr., 1st Lieutenant Governor of the Pueblo of Acoma. First of all, I want to thank the Committee for allowing tribal leaders the opportunity to comment on a very contentious and controversial issue, uranium mining, in this particular case the proposed Roca Honda mine near Grants.

Let me begin by saying that the Pueblo of Acoma does not oppose all mining or other development within the Mount Taylor Traditional Cultural Properties (TCP), recognizing that there can be economic uses of the TCP that produce long term benefits for not only the developers, but for the surrounding communities. However, this is not one of those developments. Based on information Roca Honda Resources LLC provided to the U.S. Forest Service, the Pueblo concludes that the relatively short term, minimal benefits to the area are heavily outweighed by the long term, social, cultural environmental and economic losses that will flow from this project.

Let me point out a number of major reasons why the Pueblo has some very serious concerns about published reports and what I believe are overblown statements made by the company. First of all, Roca Honda overstates the projected benefits of the project to the state of New Mexico and the individual counties. The Company says...that the projected mine would, "create almost 640 construction jobs and 250 or so direct jobs at the mine, and that ultimately, Roca Honda could generate \$2.2 billion in revenue over the life of the mine." Mr. John Dejoia with Roca Honda says in an Op Ed piece that ran in the Albuquerque Journal on May 19, 2013, "I won't run you through all the economics on that, but you can rest assured there is an awful lot of income tax paid on that; there are a lot of New Mexico taxes in there." Based on the research and analysis done by my legal staff, Acoma becomes very skeptical when it comes to the company's facts and figures. Let's start with job projections.

Job Creation?

When it comes to jobs, Acoma believes those numbers are inflated. In any one year, the greatest number of jobs created by this project is estimated to be **262, not 640**, and most of these will not be available to the local workforce. Roca Honda states that it is creating **262 jobs** during the initial permitting phase of this project, an initial **5-year period**

prior to construction, but few, if any of these jobs, will be in Cibola or McKinley Counties. Roca Honda has its office in Santa Fe, New Mexico. The staff the company will be employing, work in Albuquerque, Santa Fe or outside NM. Lone Mountain Archaeological Consultants is located in Albuquerque; Intera Geo-consulting has its offices in Albuquerque, Santa Fe and Austin, Texas. Contrary to statements made by the company there is little direct job creation, or other economic benefit for the local community during this phase.

The company states for the U.S. Forest Service Draft Environmental Impact Statement (DEIS at p. 291) that during the Project Development or Construction Phase, approximately a 4-year period, it will create **100 to 150 jobs**, and **not the 640** it is boasting will be created. At least half of those jobs may be filled by the local workforce in the greater Grants area.

Roca Honda also projects an indirect increase in local jobs, up to 740, based upon hypothetical multipliers. The Pueblo believes this is highly questionable in light of what we all learned with the economic stimulus packages after 2008. Companies that received stimulus grants did not turn the profits into jobs as the multipliers predicted, instead stock dividends increased or investments were made in equipment. The badly needed jobs never materialized. Where new jobs are created during this phase, most of these are typically low-wage jobs such as fast food workers or convenience store clerks...that's according to the DEIS prepared for the US Forest Service.

The company states that during the Operations Phase, over an 11-year period, it will directly employ **220-253 jobs** (DEIS at p.294); however, many of these jobs will not likely go to local folks largely because there is no trained labor force due to the boom-bust cycle of uranium mining. It has been several decades since there was a ready and able trained workforce for uranium mining in the area. The number of unskilled positions that would be available is unknown, but it is unlikely that it would be as great as the number of jobs the company is projecting for local people during the development phase. In the subsequent Reclamation Phase Roca Honda will only offer 30 jobs

What Revenues?

As far as REVENUE projections are concerned, Acoma believes the company's predictions of \$2.2 billion in revenue are vastly overstated. \$26 million of the \$2.2 billion, associated with the permitting phase, does not contribute to the economies of Cibola or McKinley Counties. For example, one component of the \$26 million, \$859,603.00, is listed as estimated tax expenditures. Cibola and McKinley Counties will not receive these expenditures because it includes gross receipts tax for sales that do not take place in these counties during this phase of the project; any fees, fines, licenses and permits are primarily issued by the State, not the counties. Also this phase will not include any significant property tax for the Counties as there is no property of Roca Honda in the Counties to be taxed.

During the Development Phase, the company estimates that the total economic activity will be close to \$500 million or half a billion dollars. However, this is predicated on a number of inaccurate assumptions: First, \$300 million is capitol costs for development that includes \$19 million per year in equipment purchases. The company acknowledges "a significant amount of specialized equipment and materials required for uranium mining would not be available locally.

Such items would be shipped from other areas.” This comes from the draft EIS. The Counties will not see any benefit other than some tax on the value of the equipment once installed. Secondly, of the remaining \$200 million only \$128 million is actually direct increases attributable to the project. Finally, the tax revenues are estimated to be \$35.5 million. However, a significant portion of this will not go to the Cibola or McKinley Counties. All state taxes other than property tax are State revenues such as severance taxes, with only a portion allocated to the Counties.

There is no gross receipts tax benefits to local counties on equipment and materials purchases that take place outside the counties, much less outside the state. In addition, the property tax, which is collected by the Counties, is based largely on the market value of the uranium, which many of us are aware can be a highly volatile market.

The company’s projection of total economic activity of \$607 million during the 11-year Operations Phase is as overblown as the projections for the Development Phase. We believe that a large part of that estimate is based on the same hypothetical multipliers for job creation and inaccurate assumptions about tax revenues mentioned previously.

Taking all of this together, the proposal may bring at best an additional 253 jobs to the area for 11 years and, tax revenues of approximately \$1.5 million a year for 11 years, and some indirect economic activity during those years, but far less than the \$55 million per year projected by Roca Honda Resources.

The Cost of the Project to the Local Communities

I have talked about the limited economic benefit to the Counties and the State resulting from this project. Now it is important to consider the costs that the communities will have to incur. Based on information I’ve received, the costs of this development to the counties will exceed the economic benefit.

It is well known that the Rio San Jose and associated groundwater aquifers constitute one of the most fragile hydrological systems in the State of New Mexico. It serves the communities of Milan, Grants, Acoma, and Laguna, among others. Past dewatering caused the loss of water resources that have never been recovered. The spring of Ojo de Gallo went dry with the last Uranium boom and has not returned. Water supplies that were not dried up were contaminated, and despite significant efforts, remediation has not been achieved. The dwindling potable water sources are now very limited. The one remaining source of surface water in the Rio San Jose at Acoma is Horace Springs. However, it has dropped dramatically from a flow rate of 8 or 9 cubic feet per second (c.f.s.) in the 1930s to 2-3 c.f.s. in 2013.

This project will remove a tremendous amount of water from the Rio San Jose Basin. Total groundwater pumping by Roca Honda Resources is at a minimum 6,205 acre-feet of water per year and, depending on how the uranium is removed, could reach 12,800 acre-feet per year or more. This is more water per year than is being applied to remediate past contamination in the alluvial aquifer of the Rio San Jose. It is more water than is used by all of the communities upstream from Acoma on the Rio San Jose. Acoma sought to have Roca Honda consider delivery of that water to uses in the Rio San Jose Basin so as to relieve the stress on the Basin and protect the remaining potable water supplies. Instead, Roca Honda is going to pump all of this water over the hill for the benefit of one private landowner. I ask...where is the water going to come from to support all of the economic growth that Roca Honda promises?

In addition, Roca Honda fails to consider the costs to provide the necessary infrastructure and community services for this project. There has been no effort to estimate the costs to the Counties and the State associated with allowing this project to go forward. These costs are significant.

At this time, the single hospital in Grants, and limited facilities at ACL Hospital at Acoma, are not equipped to handle any increased need for medical services. There is an extreme shortage of medical professionals in the area. In fact, the US Department of Health and Human Services has designated this area as a "Health Professional Shortage Area". Furthermore, there is an extremely limited capacity to handle health care emergencies.

Also at this time, the City of Grants is experiencing problems with its sewage system, and these problems will only become worse as the population increases. If the hypothetical multipliers are correct regarding the number of indirect and induced jobs that will be created, there will be a significant need for the City of Grants to address these problems. The costs for a new sewage treatment plant are likely to exceed any increase in tax revenues to the City from this project.

The counties and local communities will have to cover these needs. However, the Pueblo believes the actual revenues to the counties and local communities will not be sufficient to cover these costs. This is particularly important to Acoma as the failure of the Grants Sewage Treatment Facility during the previous Uranium boom led to discharges of raw sewage into the Rio San Jose that contaminated almost all of Acoma's irrigated agricultural lands and its reservoir. The costs to the Pueblo to address this problem were significant.

Mr. Chairman and members of the Committee, let me state that the costs of this project to the well being of the local tribal communities far outweighs the minimal benefits. The U.S. Forest Service's draft EIS for this project evaluated the effects of this project on my Pueblo. It states that the mining plan of operations for this project would result, to the extent known, in significant adverse impacts to historic, cultural and water resources, both surface and groundwater. Most of which cannot be mitigated. The Draft Environmental Impact Statement starkly states that "[t]he long term consequences that Acoma would suffer because of the proposed project would be irreversible, and the loss of meaningful cultural relationship without material manifestations, could not be mitigated".

Similar conclusions were reached for each Indian tribe in the area. When one looks beyond the promise of dollars that this project holds out, there are significant, irreversible costs to the people of Cibola and McKinley counties, including the people of Acoma, Zuni, Laguna and the Navajo Nation. It is Acoma's position that the minimal, short-term benefit that this project represents does not begin to outweigh these significant costs.

Finally, Mr. Chairman, what is extremely unsettling to me is that Roca Honda minimizes the real possibility of long-term health consequences to local communities. Historically, the impact has been tremendous. With the last Uranium Boom "A large burden of disease was experienced by miners, their families, and other community members that was a direct result of exposure to hazardous substances... These health effects persist among former workers and their families, as people continue to die from uranium mining-related illnesses and as new cases of these illnesses are diagnosed." This comes from the DEIS. At Acoma we know this burden only too well. While Roca Honda says it can now mine uranium safely, based on the information I have been provided, I can tell you there are no studies that support that assertion. I can

also tell you there are families living in the Grants area that have lost loved ones because of the prior uranium boom. There are families living a legacy that is still claiming lives and causing major health issues. All of us, Indian and non-Indian, are trying to recover from the last uranium fall out. So, in closing I ask this of the Committee, given the cost and the impact on human health, are the State and the Counties willing to put money ahead of human life?

Thank you Mr. Chairman and Members of the Committee for the opportunity to address you on this issue this afternoon.