

Agenda

Hermosa Advisory Panel Meeting #13 Wednesday, May 18, 12p-2p

Wild Horse Inn - 309 W McKeown Ave, Patagonia

- 11:00 Review Regional Conceptual Model: dewatering - Tomas Goode, Principal Hydrologist, South32 (optional)
- 12:00 Review Agenda
- 12:05 Acceptance/Amendments to Meeting Minutes (April)
- 12:15 Dewatering Roadmap: Next Steps: Melanie Lawson and Dr. Angie Donelson
- Handout on Roadmap: Panel Work, May through October
 - Discuss Activity to be Assigned as Homework: Important Questions Related to Dewatering
- 12:35 Workforce Development 2.0 Roadmap: Dr. Robin Breault, Lead Local
- 1:25 Panelists: Report Updates
- Patagonia Area Resource Alliance
 - The Nature Conservancy
- 1:35 Economic Impact Study: Pat Risner
- 1:55 Contractor Updates and Panel Roles Discussion: Melanie Lawson/Angie Donelson
- Social Impact Opportunity Assessment
 - Local Procurement
 - Good Neighbor Agreement
 - Panel role in ADEQ permitting and ADOT traffic studies
- 2:05 Wrap Up and Looking Ahead: June 15 meeting
- Purple sheet reflection/evaluation

Minutes

Hermosa Advisory Panel Meeting #13

Wednesday, May 18, 12p-2p

Wild Horse Inn - 309 W McKeown Ave, Patagonia

The meeting of the Hermosa Advisory Panel was called to order at 12:05 pm on May 18, 2022, at the Wild Horse Inn on 309 W McKeown Ave, Patagonia by Angie Donelson.

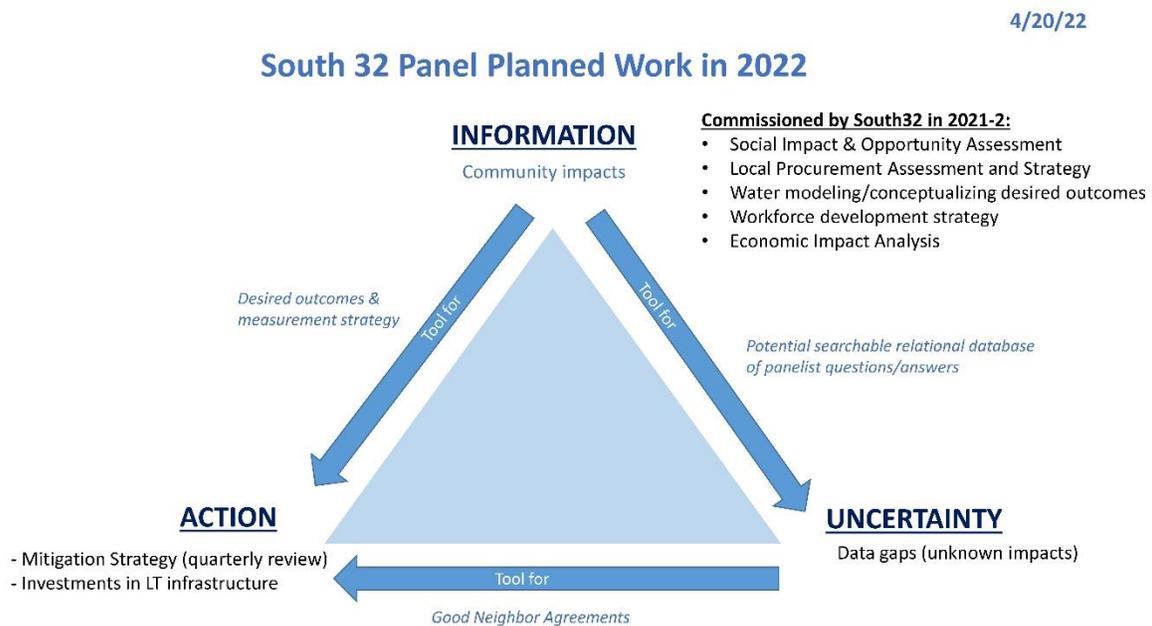
Attendance

- Meeting Facilitators: Angie Donelson, Robin Breault
- South 32 Hermosa Advisory Panel Members Present: Carolyn Shafer, Chris Young, Damian Rawoot, Fritz Sawyer, Gerry Isaac, Guillermo Valencia, John Fanning, Linda Shore, Liz Collier, Maritza Cervantes, Michael Young, Olivia Ainza-Kramer, Ruth Ann LeFebvre
- South32 Hermosa Advisory Panel Members Absent: Marcelino Varona
- South32: Melanie Lawson, Tomas Goode
- Scribe: Lizbeth Perez

11:00 Review Regional Conceptual Model: discussion with Tomas Goode, Principal Hydrologist, South32 (optional)

12:05 Review Agenda/Overview

- Angie Donelson explained that the panel will continue to explore the relationships among information about South32 community impacts, uncertainty, and action, as showed in the graphic below:



Today, the panel will consider more information as it relates to workforce, economic impacts and the dewatering roadmap. The panel will make recommended actions on workforce issues today, and move to making potential recommendations on alternative uses of dewatering by October.

The panel is also considering uncertainty by raising questions. Many lack responses so far but Lizbeth is helping organize them so we can track questions asked and how South32 answers them. The panel may choose to make this available to the public in the form of a relational searchable database if it chooses to do so with its technical assistance budget.

12:13 Acceptance/Amendments to Meeting Minutes (April)

Minutes Accepted

12:15 Dewatering Roadmap and HW instructions: Melanie Lawson and Angie Donelson

- South32 prepared and distributed a dewatering roadmap, which outlines a process by which panelists can make recommendations to South32 about alternative uses of water, now through October (see Appendix A).
- Melanie Lawson: worked with Dr. Ty Ferre and Tomas Goode to prepare the roadmap process, milestones and goals.
- Angie Donelson: discussed activity that she will assign as homework to the panelists shortly after this meeting: What are your important questions as it relates to South32 dewatering activities and your broader water concerns?
- Linda Shore: Please clarify what panelists will do in homework assignment?
- Angie Donelson: You will get a link to a survey. It will have background information and instructions. It will allow you to name all your concerns, all in relation to South32 dewatering activities and potentially mitigation strategies for every issue you can think of.
- Ruth Ann LeFebvre: What does Dr. Ferre do with the concerns we send?
- Angie Donelson: He will identify monitoring and modeling needs and how they inform potential mitigation strategies.
- Ruth Ann Lefebvre: With that information, South32 can create these models or use these models?
- Tomas Goode: Ty is translator between South32 and this panel. As you ask a specific question, he will take that information into a format suitable for a modeler identify what model to run. He will then take results and communicate them to the panel.
- Ruth Ann LeFebvre: I see lots of modeling going on. Is South32 ready to do 10 more, 50 more models?

- Fritz Sawyer: Let's be clear, you're not going to develop new models, you'll use current models to see if they answers the questions we're asking.
- Tomas Goode: There's modeling work that is already ongoing. There is a model that has been constructed, so we're taking the questions and inquiring of the model and identifying response to those certain circumstances.
- Carolyn Shafer: What I'm hearing is, you're going to take questions and run through the model you are currently working on. What happens with questions that your model does not answer? Do we know which ones they are?
- Tomas Goode: There will be an answer to all of your questions. It may not be the answer you like. That is where the next round of communication comes in. If you don't like outcome, then what is the mitigation to modify the outcome? Ty will be intermediary in the back and forth and the mitigation choices.
- Linda Shore: Ty translates our questions into something that can be answered by models.

12:35 Workforce Development 2.0 Roadmap: Dr. Robin Breault, Lead Local

- Robin discussed the process we have used to date to identify desired workforce outcomes. She collected outcomes from a "data party" we held, conducted interviews with the community, and did best practices research. She synthesized responses into long term goals and presented
- Panelists worked in small groups to edit these strategies, outcomes, and goals to reflect their workforce interests (see Appendix B). They emphasized the importance of cooperating binationally and prioritizing an economic development office serving the entire county.

1:27 Panelists: Report Updates

- Patagonia Area Resource Alliance (see Appendix C)
 - Carolyn Shafer: With respect to Aquifer Protection Permit, judge released order that said the matter will conclude as of June 1. His decision will be public on or before June 21st. When decision is available, will send to water quality appeals court which will review and make a decision.
 - Handout discusses revision of 1872 Arizona Mining Law.
- The Nature Conservancy (see Appendix D)
 - Damian Rawoot: Nature Conservancy is pursuing biodiversity conservation within the area shown in map. Goals: help nature and people adapt to the changing climate; protect and reconnect high value conservation areas; build more resilient communities; secure monitoring of the quantity and quality of water in the area.

- Purple stretch (referring to map graphic) is a high priority wildlife corridor, one of the most important in Arizona. Light pink is Rosemont mitigation parcel. Should become conservation land but not yet completed. The Nature Conservancy would like to protect and reconnect two areas: Cottonwood Spring and Monkey Spring, and is in talks with landowners. There are rare, endangered fish in Monkey Spring. Monkey Spring is the site of the only native fish extinction in AZ, the monkey spring pupfish.
- Linda Shore: How did they become disconnected?
- Damian Rawoot: They were diverted for irrigation.
 - Third priority is to build resilient communities. The Nature Conservancy has been collaborating with the Patagonia Flood and Flow Committee on flood concerns. Many ideas are centered around the Stevens Parcel. When we think about flood risk, Patagonia lies in the confluence of these two streams. With climate predictions more uncertain, and stronger climate events, the town is at risk of flooding regardless of mine activity.
- Linda Shore: sent out story from Nogales International about nature-based tourism study and how it was positively received by the county Board of Supervisors. Olivia is also scheduling a similar presentation for the Santa Cruz County-Nogales Chamber of Commerce.

1:42 Economic Impact Study: Pat Risner

- Presented on South32's assessment of its projected economic impact in Santa Cruz County as it relates to the Taylor deposit (see Appendix E).
- Study released around the same time of the nature-based tourism study; similar methodology, but not intended to be a comparison to that study. South32's economic impact study was conducted to assess its impacts for its own planning. South32 is very supportive of that work.
- Will help better understand investments to be made in workforce development, local procurement, and regional economic development planning.
- Numbers can change depending on how well we do with this; understanding will continue to evolve as we learn more.
- Mining is one of five industries assessed centrally by the AZ Department of Revenue for property tax purposes. Ernst and Young has models to do this work for mining. Model includes a lot of assumptions – we can modify them if needed as we learn.
- Study considered two phases: construction (3 years leading up to first production) and yearly output (snapshot of what projections annually once in production).
- South32 can do a similar second economic impact study after the Clarke prefeasibility is completed.
- Income for labor projections is projected at 2-2.5x the current average household income in Santa Cruz County. Property taxes projected to double with Taylor.
- Angie Donelson: Can you clarify how property taxes are projected? Is it based on investments or also on persons employed?

- Pat Risner: Largely driven by mine's capital and annual cashflow.
- Gerry Isaac: If county revenue doubles, but the budget doesn't, there's a backwards impact to consider.
- Maritza Cervantes: Based on incremental costs, and impact on all other sectors: we don't have infrastructure. Is that cost of investment also calculated here?
- Pat Risner: The model assumes capital investment will come to build additional needed resources. It's in induced column.
- Linda Shore: Your model projects 80% of the employees would be employed in Santa Cruz County. Is this realistic?
- Pat Risner: Yes, if we can make investments now in workforce development. We want to hire people living here now. I think we can exceed that number; I spent time working on Navajo Nation; 92% of our employees were members of the nation.
- Melanie Cruz: Currently on site, 64% of our employees are Santa Cruz County residents.
- Linda Shore: Is broadband in your list of infrastructure requirements?
- Pat Risner: Absolutely.
- Fritz Sawyer: Are you guys on track with your current development plans?
- Pat Risner: We are. After Christmas we will talk more about Clarke (battery grade manganese).
- Gerry Isaac: Going back to property tax, will increased revenue have the ability to be allocated to special projects that benefit the community?
- Pat Risner: There are ways to do that. Other counties in AZ have done that.
- Gerry Isaac: A binational training center, for example, could be used not just for needs of the mine but technical training needed nationwide/globally. Could attract other industry sectors.

2:06

Contractor Updates and Panel Roles in South32 processes: Melanie Lawson/Angie Donelson

- Social Impact Opportunity Assessment (Melanie Lawson)
 - o Contractor has spent past 10 days in Patagonia, Nogales Sonoita and Elgin doing focus groups. Themes emerging about importance of regional planning and collaboration.

- Local Procurement (Melanie Lawson)
 - o Contractor has started. Plan a May workshop and assessment of evaluation of barriers for small, local businesses doing business with South32.

- Good Neighbor Agreement (Angie Donelson)
 - o See handout (see Appendix F): David Morales, Ty's grad student, is working on getting us a final presentation next month. Will send out post-meeting survey to collect additional questions, to which he can respond.

- Panel role in ADEQ permitting and ADOT traffic studies (Melanie Lawson)
 - o South32 has identified, as with other issues: how much influence do you, as a panel, have? (see Appendix G)
 - o We will continue to clarify the panel's role in engagement/participation in processes, such as the South32 ADEQ Permitting process and Arizona Dept of Transportation traffic study/traffic counts for the Cross Creek Connector
 - o ADOT, ADEQ, state agencies are the lead on issuing these permits. They have public comment processes. South32 could provide additional information/links to public comment on their website.

 - o Carolyn Shafer: Question about Cross Creek Connector and the panel's role at the level of consultation, as outlined. How does that interface with ADOT's public process for comment? Does South32 look to the panel for feedback at same time of public comment process?

 - o Melanie Lawson: Yes and no. We would direct panel feedback towards comment process. There is also a public process for park amenities and utilization of that space. That would position the panel in a role for collaboration, not consultation, in partnership with the county.

 - o Carolyn Shafer: Would like to clarify that role: what is the role of public comment to the permitting agency and to South32?

Today we began to chart directions for workforce collaboration, learned about South32's economic impact analysis and explored more about dewatering?

How are you feeling so far? What could improve?

- Better than first meeting
- Excellent. It's just lots packed in each session but it's ok
- Very good. This meeting was much better.
- Good. Moving forward with action will be good.
- I appreciate the information. List of jobs and skills needed by Hermosa/South32?
- Good. What jobs are needed by South32?

- Great to be back on track. Feels like we are accomplishing more.
- Well fed. Keep to schedule; kind of hard to do. I realize we didn't really talk dewatering.
- Good. It's becoming more real.
- Tomas should have finished discussing dewatering.

What do we need to address next?

- Continue to address water and large scale impacts
- Continue with workforce development
- Workforce
- A workforce development plan with list of jobs needed.
- True workforce development projections
- Identify more workforce needs
- Last item on the agenda always gets rushed and really don't have time to look at questions
- John Windes and Brittany – Arizona Game and Fish; permits discussion and information (discharge/APP). Add general information updates. No discussion.

How well have you felt heard so far? (0-5, with 0 not at all and 5 very well)

- 4 (4)
- 5 (4)

2:15 Wrap Up and Looking Ahead: June 15 meeting

- June- dewatering roadmap on agenda; water management strategy review with Tomas Goode; panel receives Good Neighbor Agreement draft

1. Receive input on alternative/beneficial uses of water that align with community values

- To achieve this, the panel requested additional information to increase understanding of groundwater and surface water management
- Panel voted/agreed to achieve this with the assistance of a third-party hydrologic intermediary, Dr. Ty Ferre

2. Develop water management plan with panel recommendations that aligns with community preferences and priorities

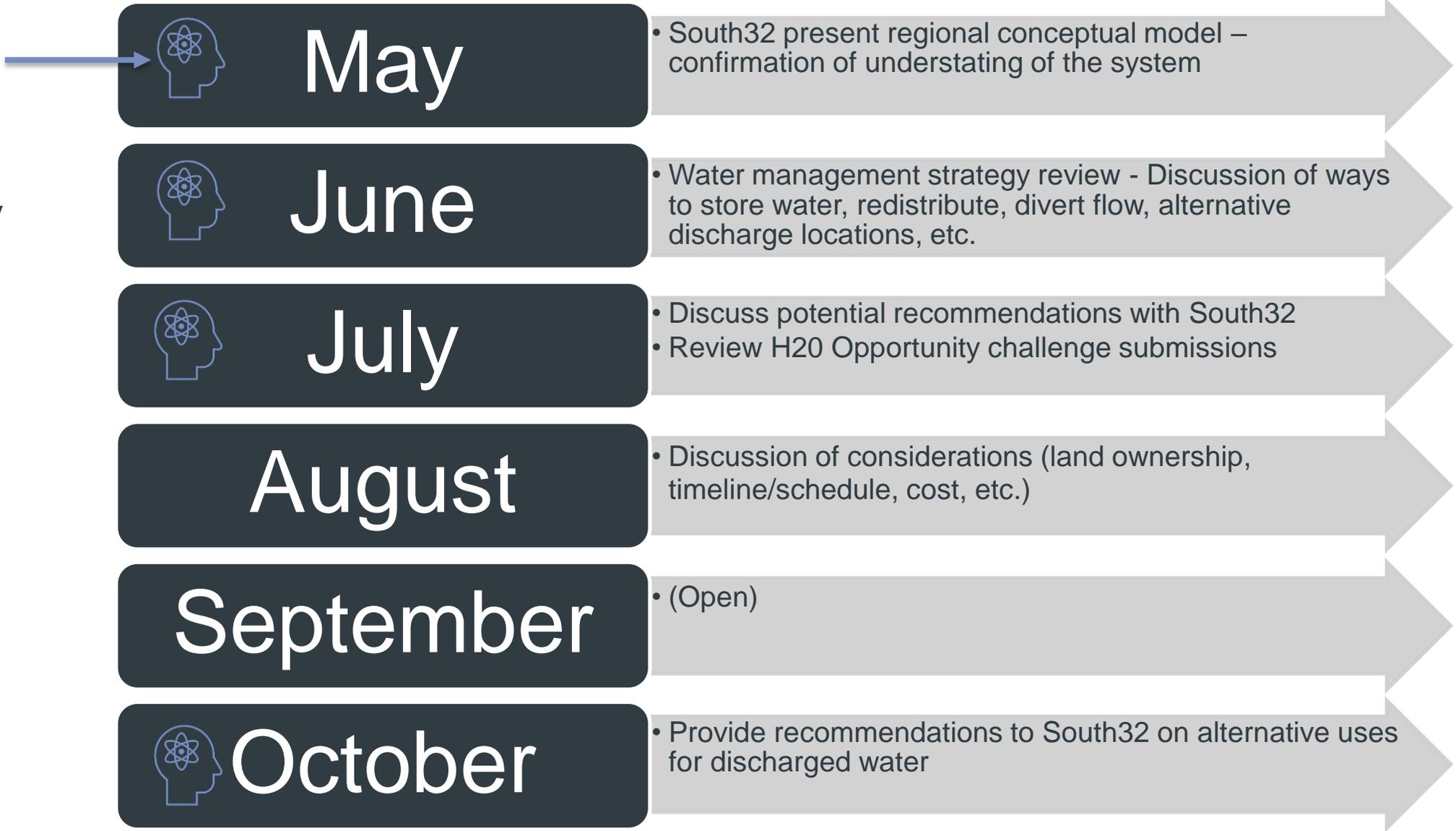
- Plan would be ongoing and can be reviewed – can develop additional specific goals/milestones after October date
- The input on alternative/beneficial uses of water can be “part 1” of this plan

CONTENTS

Appendix A



Involves Dr. Ty Ferre as reviewer & third-party hydrologic intermediary



Long-term Regional Workforce Goals



Updated May 19, 2022

- Develop strong relationships among local government, entrepreneurs, business and industry, community organizations, and school systems to create a regional economic ecosystem that is resilient, regenerative, and enriches community and individual well-being.
- Leverage bi-national, regional expertise in growth economies (green, automated, remote, readiness, and logistics) to create innovative training programs serving local entrepreneurs, business, and industry needs and bringing local knowledge and expertise into international prominence.
- Ensure that all Santa Cruz County residents (youth and workers) have access to high-quality career education and skills development opportunities, including apprenticeships and other on-the-job training with cross-sector on/off ramps to family supporting careers.

Proposed Action Steps



Appendix B

2-4 MONTH ACTIONS	QUESTIONS/CONCERNS	HOW DO WE MEASURE SUCCESS?
<p>1. SC WIOA and S32 engage in Strategic Planning to:</p> <ul style="list-style-type: none"> • Assess specific employer talents or skills needed • ID certification options and pathways with cross-sector alignment and support • Develop action plan and timeline of activities to achieve shared workforce goals 	<ul style="list-style-type: none"> • What does the mine need? • How many employees with what skills? • Does S32 know what they need in relation to the nature of the work technical v. manual? • Will S32 know what they need? • Identify skills needed 	
<p>2. S32 in collaboration with SCC Superintendent of Schools, CFA and ABEC host Strategic Planning process to develop regional alignment and identify areas for collaboration in workforce development efforts related to</p> <ul style="list-style-type: none"> • CTE/DE/Certifications • Work-based Learning Opportunities • Gear Up and ESSER College and Career Pathways support 	<ul style="list-style-type: none"> • What does the mine need? Do they still line up with CTE program inventory from 2018? • Retraining? • Bring districts together – collaboration on CTE/DE inconsistent on what options students have now 	
<p>3. S32 issue an RFP to assess the desirability (bi-national interest, regional need), feasibility (market analysis) and viability (potential industry and education partnerships) of a Bi-national Training Center focused on economies shaping the recovery and future of work (readiness, green, logistics, remote, and automated).</p>	<ul style="list-style-type: none"> • Can't build this without know what programs are needed. • Set up training center for technical robotic service support and operation/automation. • Will maquiladores be part of it—binational? 	

Proposed Action Steps



Appendix B

5-9 MONTH ACTIONS	QUESTIONS/CONCERNS	HOW DO WE MEASURE SUCCESS?
<p>1. The Community Advisory Panel, in collaboration with S32 and other partners, hosts Santa Cruz County Economic and Community Development Summit, inviting education, small business, industry, environmental, and community organizations to participate in:</p> <ul style="list-style-type: none"> • Collective, regional vision setting • Learning about emerging and ongoing opportunities (ARPA funds, ESSER, Gear Up, multi-modal facility, etc.) • Identifying clear action steps for continued engagement 	<ul style="list-style-type: none"> • Good idea. When and where? Need to get all the decision makers in the room. • Make sure decision makers are brought to the table – we need action! 	
<p>2. Incentivize WIB board and WBL engagement by linking S32’s philanthropic support to industry/education partnerships that further regional workforce interests identified by Summit participants.</p>	<ul style="list-style-type: none"> • Set of guidelines to avoid anyone going rogue asking for funds not directly linked to priority investment set by community 	
<p>3. Establish working group of Panel members, S32, and other key stakeholders to develop a 5-year road map and metrics to meet regional workforce goals informed by Summit outcomes and Workforce GNA.</p>		

Appendix C

INFORMATION for the Santa Cruz County Advisory Panel on Hermosa Project Presented by Panelist Carolyn Shafer as a PARA Board Member May 18, 2022

These are three sources for information relative to water issues in the Sonoita Creek Watershed that I recommend:

- The [Town of Patagonia “Sonoita Creek Flood & Flow Committee”](#) (“F&F”) which conducts (currently via Zoom) monthly public meetings the second Thursday of each month at 10 a.m.
- [Friends of Sonoita Creek](#) (“FOSC”)
- [Patagonia Area Resource Alliance](#) (“PARA”)

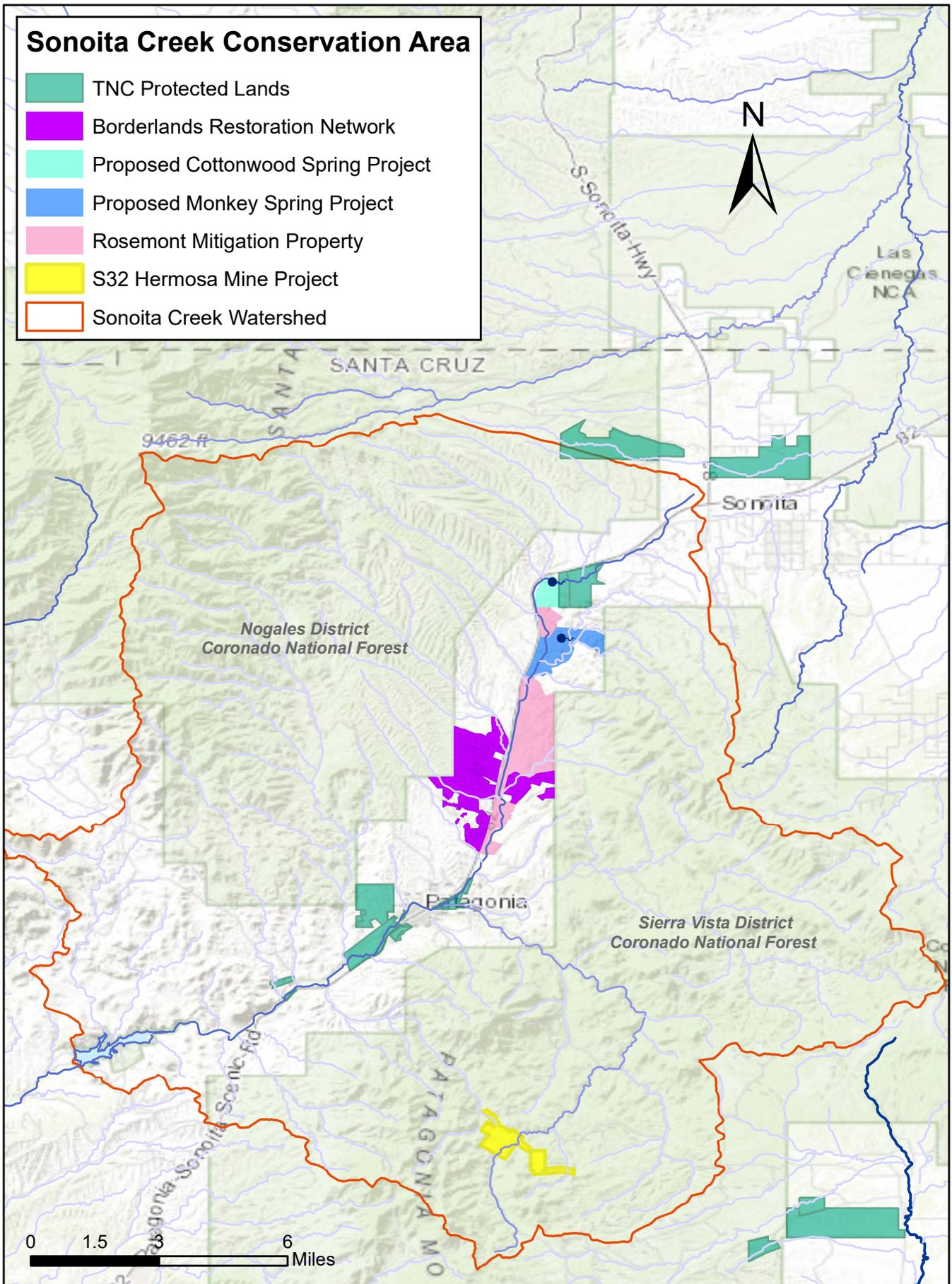
UPDATE: PARAs Appeal of Aquifer Protection Permit (APP) Issued by AZ Dept of Environmental Quality to South32

Written closing arguments were filed by all parties on March 21. On May 12, Judge Shedden signed an Order that stated: *“This matter has been held open to allow for submission of posthearing briefing and the review of voluminous exhibits. The matter is ‘concluded’ as of June 1, 2022. Consequently, the Administrative Law Judge Decision will be issued on or before June 21, 2022.”* Judge Shedden's decision will be forwarded to the Water Quality Appeals Board for its consideration.

Reforming the 1872 Mining Law

PARA has worked with Earthworks for many years on issues related to the 1872 Mining Law. This law signed by President Ulysses S Grant is what continues to govern hardrock mining in this country. It is intended for US citizens which explains why all claims are filed in a US corporation wholly owned by a foreign mining company. In the Patagonia Mountains, all claims in the name of Arizona Minerals, Inc (a Nevada corporation) are actually controlled by Australian mining company South32. Exploratory company Barksdale Resources is a Canadian company that has claims in several US corporate names.

It is CRITICAL that we recognize that the first tenet of responsible mining should be that there are some places that SHOULD NOT BE MINED. Not because this is "our backyard" but because this is the world's backyard. The Patagonia Mountains are part of the Madrean Pine Oak Woodlands, a global biodiversity hotspot. Scientists agree that even though species extinction rates are soaring, a great deal of Earth's biodiversity can still be saved. Scientists have identified the Madrean mountain chains of Mexico and the Sky Island heights of southwestern United States (including the Patagonia Mountains) as one of the top places in the world most in need of research and protection for species survival.



Map by Damian Rawoot 4/25/22

HERMOSA'S LOCAL ECONOMIC IMPACT

PRESENTED BY PAT RISNER
May 18, 2022

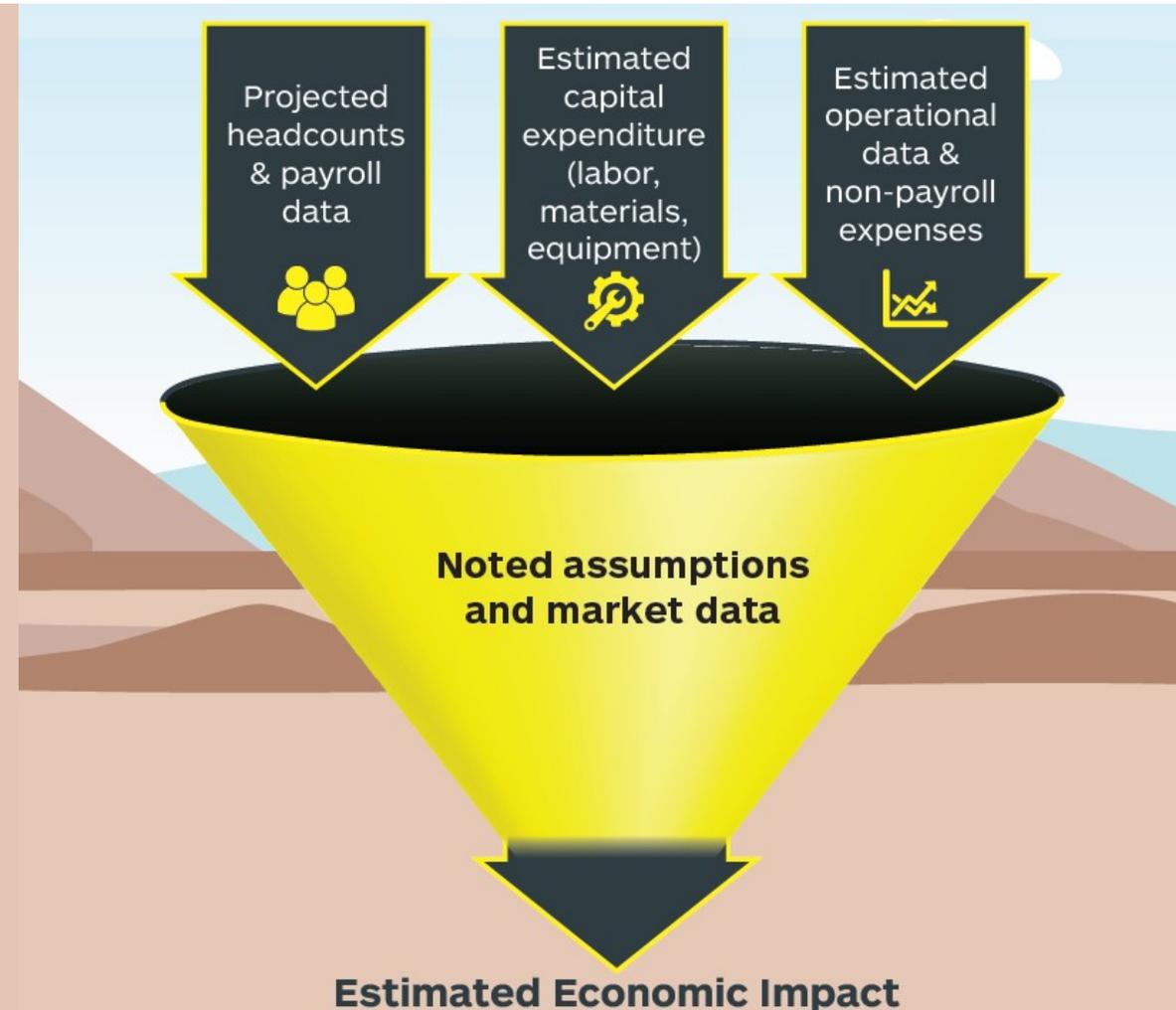
APPROACH TO ASSESSING LOCAL ECONOMIC IMPACTS

STUDY FOCUSED ON TAYLOR DEVELOPMENT ONLY

Appendix E

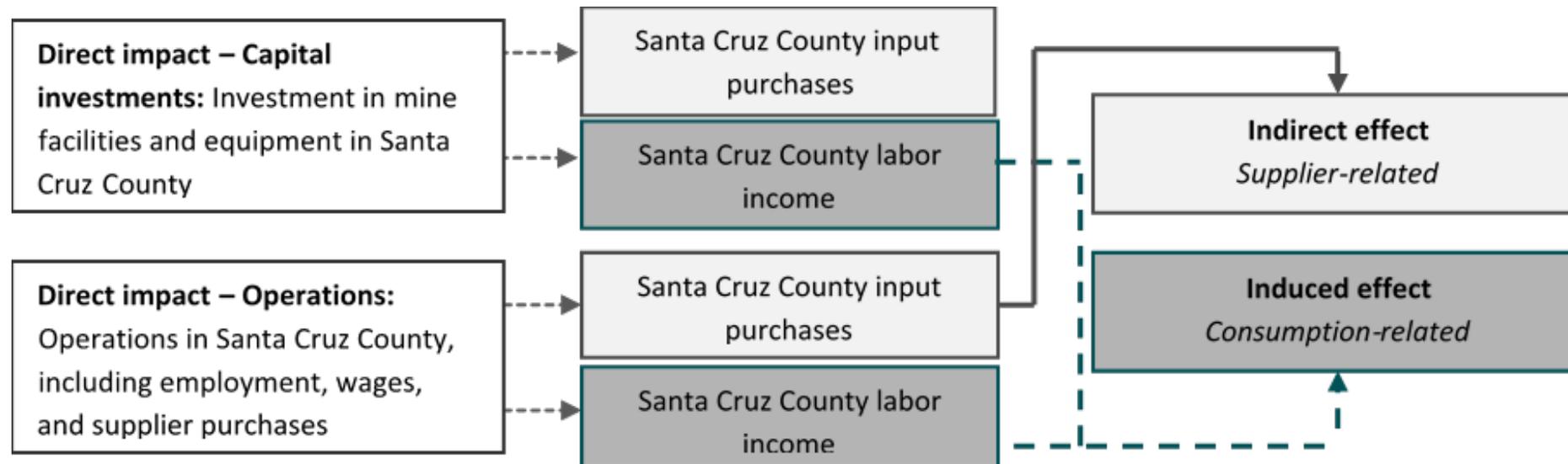
ASSUMPTIONS

Category	Capital investment period
Development period	6 years
Percentage of purchases from suppliers within the area	21%
Operational expenditures purchased within the area	50%
Percentage of workers living in the area during operations	80%
Property tax rate for the mine	6.2%
Effective property tax rate of residential property for mine workers (Statutory property tax rate times the assessment ratio of 10%)	1.0%
Santa Cruz County sales tax rate	1.0%
Ratio of local taxes as a share of personal income (2019 Census)	4.7%
Average household size during operations	3
Percentage of families with school-age children during operations	25%



OVERVIEW OF ECONOMIC CONTRIBUTION COMPONENTS

- **Direct contribution:** total full-time and part-time employees and labor income generated from the mine.
- **Indirect contribution:** attributable to purchases from suppliers within Santa Cruz County. The indirect contribution also captures the additional input purchases from local suppliers by businesses supplying the mine, hereby creating subsequent rounds of indirect effects.
- **Induced contribution:** spending by employees of the mine and by the employees of suppliers at local businesses, including grocery stores, restaurants, and service providers.



CUMULATIVE ECONOMIC CONTRIBUTIONS – TAYLOR ONLY

DURING CONSTRUCTION PERIOD (2023-2026)

Santa Cruz County Only

Measure	Direct	Indirect and Induced	Total
Jobs	702	332	1,034
Labor Income	\$168 million	\$93 million	\$261 million
Gross Domestic Product	\$178 million	\$132 million	\$310 million
Economic Output	\$512 million	\$207 million	\$719 million
Santa Cruz County Taxes	\$24 million	\$4 million	\$28 million

State of Arizona

Measure	Direct	Indirect and Induced	Total
Jobs	702	763	1,465
Labor Income	\$168 million	\$266 million	\$434 million
Gross Domestic Product	\$191 million	\$292 million	\$482 million
Economic Output	\$691 million	\$478 million	\$1,168 million
State Taxes	\$25 million	\$13 million	\$38 million

Appendix E

ANNUAL ECONOMIC CONTRIBUTIONS – TAYLOR ONLY

DURING TYPICAL YEAR OF OPERATIONS – 2027 AND BEYOND

Santa Cruz County Only

Measure	Direct	Indirect and Induced	Total
Jobs	625	1,021	1,646
Labor Income	\$75 million	\$51 million	\$126 million
Gross Domestic Product	\$244 million	\$71 million	\$315 million
Economic Output	\$463 million	\$177 million	\$640 million
Santa Cruz County Taxes	\$12 million	\$2 million	\$14 million

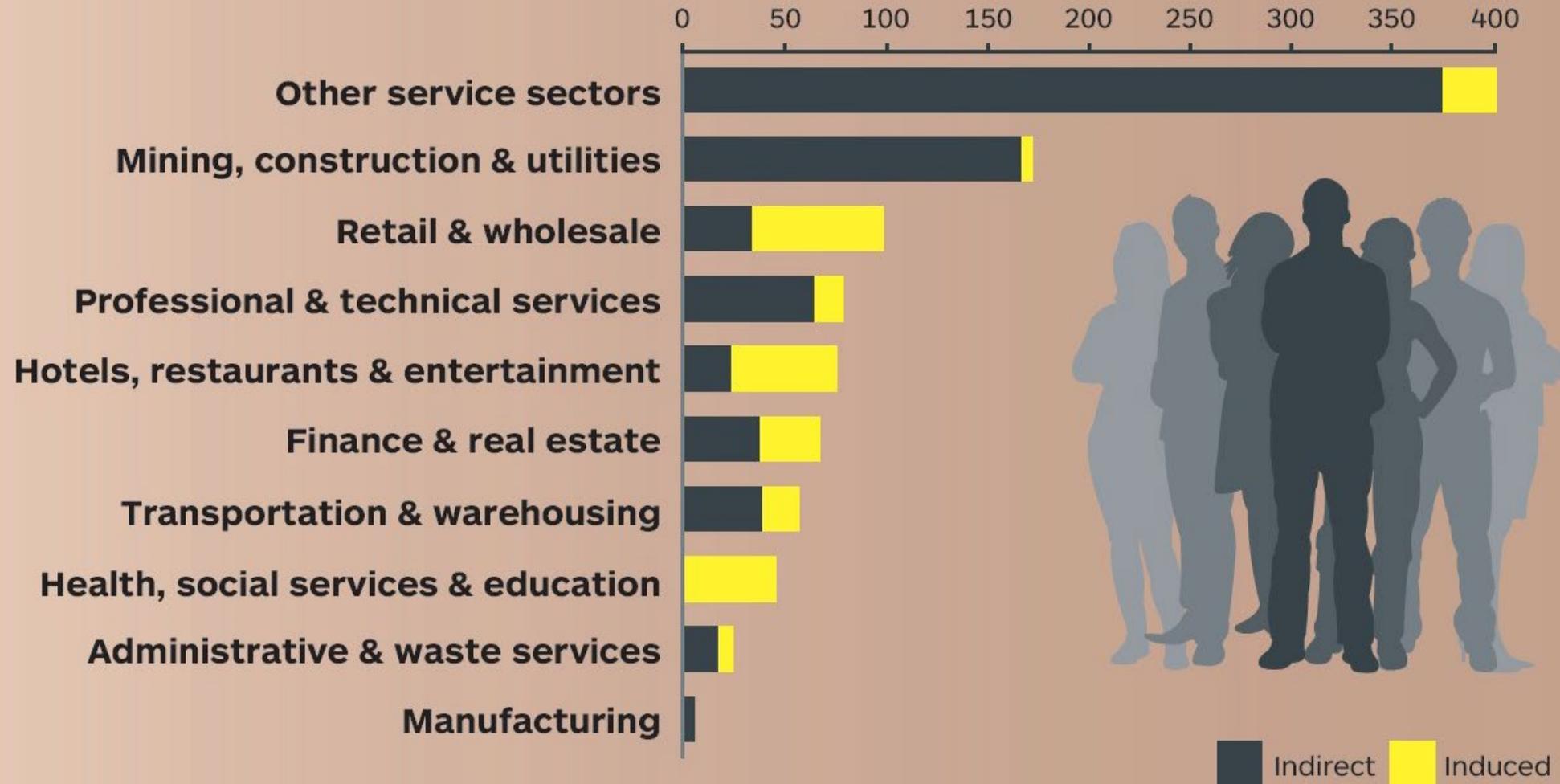
State of Arizona

Measure	Direct	Indirect and Induced	Total
Jobs	625	2,133	2,758
Labor Income	\$75 million	\$136 million	\$211 million
Gross Domestic Product	\$246 million	\$213 million	\$459 million
Economic Output	\$538 million	\$422 million	\$959 million
State Taxes	\$16 million	\$7 million	\$23 million

COUNTY DIRECT AND INDUCTED JOBS BY SECTOR

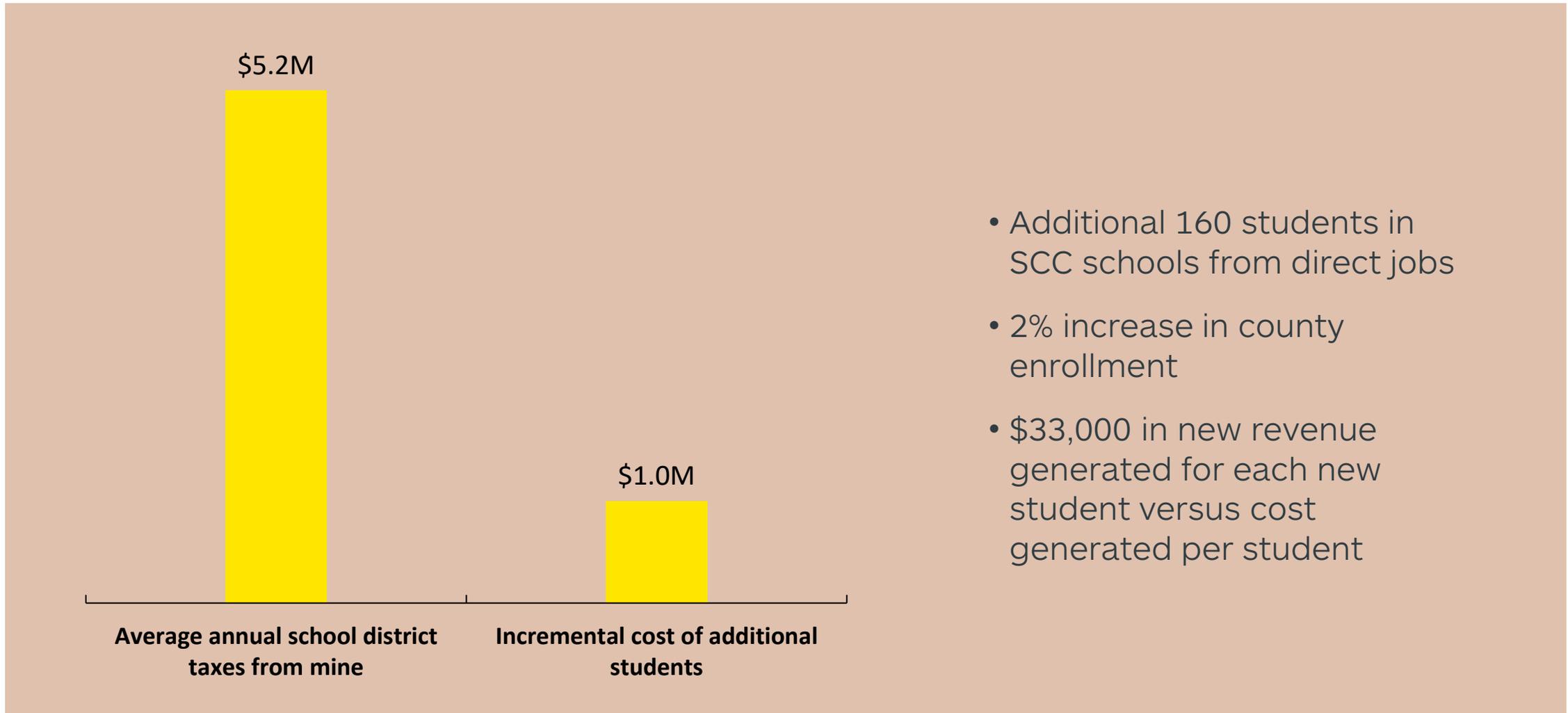
Appendix E

TYPICAL OPERATING YEAR (TAYLOR ONLY)



COUNTY SCHOOLS

Estimated district annual operating costs and revenue resulting from Taylor development



Projected Economic Impact of South32 Hermosa Project

Appendix E

Snapshot of initial development: zinc-lead-silver Taylor mineral resource

KEY

Direct Contribution

Includes total full-time and part-time employees, labor income, and value-added (GDP) generated by Hermosa mine development.

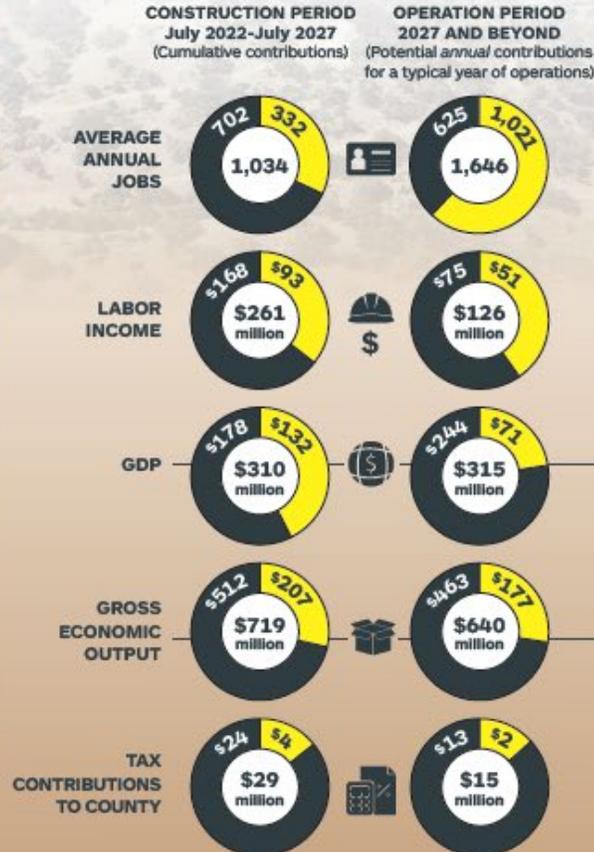
Indirect Contribution

Attributable to purchases from local suppliers and also captures the additional input purchases from local suppliers by businesses supplying Hermosa, hereby creating subsequent rounds of indirect effects.

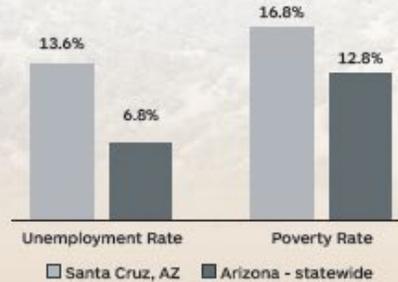
Induced Contribution

Includes spending at local businesses including grocery stores, restaurants, and service providers, by employees of Hermosa and its suppliers.

SANTA CRUZ COUNTY



UNEMPLOYMENT AND POVERTY RATE: SANTA CRUZ COUNTY VERSUS STATE OF ARIZONA, 2020



FOR PERSPECTIVE...

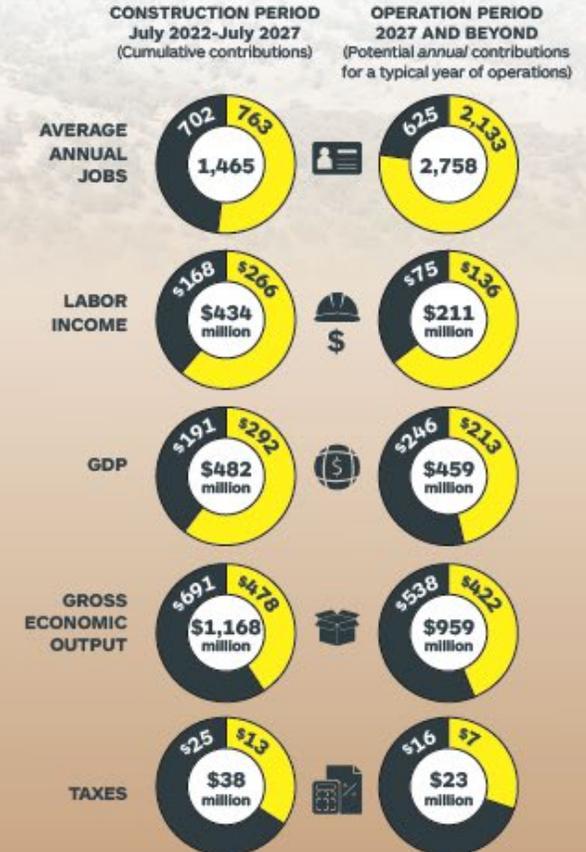
Contribution equivalent to about 20% of the county's current GDP.

Contribution equivalent to about 20% of the county's current economic output.

PROJECTED AVERAGE ANNUAL PROPERTY TAXES BY TAXING JURISDICTION FIRST 15 YEARS OF OPERATION

SANTA CRUZ COUNTY SCHOOL DISTRICT	58%, \$5.3M
SANTA CRUZ COUNTY GOVERNMENT	39%, \$3.6M

STATE OF ARIZONA





Appendix F

GNA Summary

In order to reconcile the wide range of public and private interests, concerns, and priorities, communities have pursued Good Neighbor Agreements (GNAs) as a way to “recognize and formalize”¹ the roles of corporate and community stakeholders within a locality.² These agreements do not “seek to drive industry out of the region,” but rather create a structure that directs business practices to better “reflect and protect community values.”³ However, GNAs have been used in a contrasting manner whereby companies can attempt to shift community values into alignment with their industrial priorities in ways that leave their business practices and negative impacts unmodified, unmitigated, and unaccounted for.

Therefore, a crucial first step for organized communities interested in cooperative coexistence with local industry is to harmonize the diversity of community values in ways that can be measured.⁴ By articulating specific issues of concern, GNAs can cooperatively address not only issues of environmental degradation, but also “larger issues” of community well-being and workforce planning.⁵ While not always legally binding, GNAs offer communities “greater flexibility” during the negotiation process, which can lead to “improved outcomes” not available through permit challenges, litigation, or “bad” publicity campaigns.⁶

Good Neighbor Agreements are not without their challenges. The central limitations and the associated concerns are listed below:

1. Commemorative (non-legally binding) agreements are contingent on the goodwill of the corporation and are subject to dissolution due to employee turnover. These “handshake” GNAs should be considered ineffective in regards to changing the behavior of a local business.
2. GNAs are resource intensive (e.g., organizational, financial, information, and time resources).
3. Successful administration and sustainment of GNAs requires constant vigilance and active participation on behalf of the community. Declines in community participation resulting from various potential causes (e.g., diminished interest, insufficient funds, reduced capacity, etc.) are often the primary cause of failed GNAs. These agreements rarely contain self-executing terms. Those that do still depend on some form of community oversight to identify a breach of contract and pursue the prescribed legal remedy.
4. GNAs are “local, corporation-specific, and issue-specific,”⁷ and do not reform the lacking legal and regulatory frameworks that engendered the community’s need to take on oversight, monitoring, and accountability responsibilities in the first place.
5. The corporate-community compromise established through GNAs often includes the abrogation of community signatories’ right to contest permits or litigate the corporation for related issues in the future. This is the most critical limitation of Good Neighbor Agreements because it requires community stakeholders consider industry-related impacts that may be “hidden, indirect, and

¹ GNAs have been defined as “instruments that provide a vehicle for community organizations and a corporation to recognize and formalize their roles within a locality... [in order to] foster sustainable development in a community by reconciling economic development with the community’s welfare.” (Lewis & Henkels 1996)

² Lewis & Henkels 1996

³ Kenney et al. 2004

⁴ One of two measurement frameworks could be appropriate: one incorporating principles that are Feasible, Attainable, Significant and Time Bound (FAST) or one with principles that are specific, measurable, achievable, relevant, and time-bound (SMART). The FAST framework is likely the best starting point for setting baseline goals, given the absence of prior community benchmarking. See <https://sloanreview.mit.edu/article/with-goals-fast-beats-smart/>

⁵ González and Saarman 2015

⁶ González and Saarman 2015; Kenney et al. 2004

⁷ González and Saarman 2015

Appendix F

difficult to ascertain” prior to finalizing the contract.⁸ Once the agreement is signed, it is unlikely—if not impossible—to update the agreement’s provisions in order to account for these unforeseen (or underestimated) scenarios⁹.

Despite these limitations, Good Neighbor Agreements are key mechanisms for the collaborative approach to corporate-community relationships. Below is a list of important recommendations for effective GNAs:

1. The complexity of the agreement should match the community’s ability to administer its provisions.
2. Sufficient funds must be procured for the community to ensure the sustainability of the agreement. This can take the form of percentage profit-sharing, fixed annual payments, or corporate budgetary allocations for the administrative body of the GNA.
3. Data access and data literacy are crucial requirements for agreements that impose monitoring responsibilities on the community and/or include conditional provisions based on the observation of predetermined metric levels.
4. Tiered-trigger-level frameworks create a “proactive, precautionary approach” to resource management and include “required responses and remedial actions” if and when the set trigger levels are exceeded.¹⁰ Compared to conventional “reactive” management regimes, these frameworks are particularly effective in reducing the burden of future risks by implementing appropriate interventions in a timely manner before significant damages accumulate.
5. GNAs that are enacted as part of a federal consent decree “empower the community group to return to the judge for enforcement...during the life of the decree.”¹¹ While not necessary, this stipulation is part of a larger recommendation to enact legally binding agreements as a means to affix corporate responsibilities to contractual obligations.
6. Since GNAs are “influenced by contract law,” community organizations involved in drafting the agreement should have a firm understanding of contract law, access to an attorney, or other forms of professional advice.¹²

In conclusion, the Good Neighbor Agreement must be structured to influence business operations in order to accommodate community values, not the other way around. While the flexibility afforded to the negotiation process can produce greater outcomes for the mutual benefit of all parties, important limitations exist concerning the scope, inputs, and authority of Good Neighbor Agreements. Indeed, there are important conditions that motivated community groups should aspire to include in the agreement. Communities that are able to articulate specific issues of concern stand a better chance of achieving the changes they hope to see reflected in a local corporation’s industrial practices.

⁸ González and Saarman 2015

⁹ First, it is impossible for an individual community to take any action if the impacts are not evident. Second, even when the harm is known, the absence of an accurate understanding and quantification of the impacts, or external costs, thwarts informed and efficient decision making (Gonzalez and Saarman 2015).

¹⁰ Zuzulock & Kuipers 2006

¹¹ Kenney et al. 2004

¹² González and Saarman 2015; Kenney et al. 2004

Appendix F

References and Recommended Reading

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Hermosa Advisory Panel Role in ADEQ Permitting

developed by the international association for public participation

	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
PUBLIC PARTICIPATION GOAL	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives and/or solutions.	To obtain public feedback on analysis, alternatives and/or decision.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision-making in the hands of the public.
PROMISE TO THE PUBLIC	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will look to you for advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.

Panel role: learning more about South32 ADEQ permitting issues



Hermosa Advisory Panel Role in Arizona Dept of Transportation traffic study/traffic counts Temporary Cross Creek Connector

developed by the international association for public participation

	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
PUBLIC PARTICIPATION GOAL	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives and/or solutions.	To obtain public feedback on analysis, alternatives and/or decision.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision-making in the hands of the public.
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1 Panel role: Learn about/provide feedback as ADOT studies are conducted



2 ADOT traffic/mitigation plan released: TBD potentially fall 2022