

COMMUNITY BENEFIT AGREEMENTS AND FUNDS

A summary of key literature and case studies | August 2018



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Definitions

Community—A group of people who share common culture, values and/or interests, based on social identity and/or territory, and who have some means of recognizing, and (inter)acting upon, these commonalities.

Extractive industries—Any processes that involve the extraction of raw materials from the earth to be used by consumers. The extractive industry consists of any operations that remove metals, mineral and aggregates from the earth. Examples of extractive processes include oil and gas extraction, mining, dredging and quarrying.

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This report explores the mechanics and outcomes of community benefits agreements (CBAs) and community benefit funds (CBFs) in the context of major industrial projects (such as mines) located in rural communities. The purpose of this report is to inform community decision makers and other stakeholders responding to proposals for major industrial projects about some of the challenges they face and options for negotiating those challenges. The Resources and Communities Research Group received support from OneMontana to prepare this report as part of OneMontana's efforts to support residents of Meagher County, Montana in engaging with the proposed Black Butte Copper Project (BBCP).

Outcomes of negotiations between host communities and project developers, CBAs and CBFs often function outside of the existing regulatory framework and money and investments in CBAs and CBFs are separate from the government revenue associated with state and local taxes. Widely used in developing country contexts and in urban settings, CBAs and CBFs also have potential benefits for remote communities that host extractive industries. The purpose of this report is to distill knowledge from practice and research generated in the international and urban contexts into a useful summary for communities anticipating new extractive industry projects.

Why consider a community benefit agreement and fund?

Community benefit agreements and funds are important because many communities that host mines and other extractive industrial development struggle to capitalize on these projects in the long-term.

Industrial developments usually create both positive and negative short-term impacts. In the best cases, affected communities and individuals secure a balance between these impacts (Haggerty, et al. 2019). Impact mitigation is typically the focus of the local distribution of taxes from extractive projects—e.g., using tax revenue to provide local government services and maintain basic infrastructure necessary to the community and project development such as schools, roads, and bridges. Local governments often struggle to mitigate impacts due to the timing and amount of tax revenue; this is especially the case with complex industries such as oil and gas development. Major facility siting legislation can help identify and provide mitigation for the impact of large industrial projects. Montana legislation passed in 1981 directly addresses the issue of impact mitigation in mining host communities. The Hard Rock Mining Act provides a process to identify the short-term increased burden on local infrastructure and services and requires developers to set aside funding up front to cover those impacts.

Securing long-term local benefits of extractive industries is a far riskier proposition, as local communities often bear a far greater share of post-development costs than does industry. Such costs include out-migration, environmental contamination and an 'over-adaptation' of labor force and infrastructure that constrain future economic development opportunities. For these reasons, communities anticipating industrial projects need to think about mitigating impacts (managing the short-term cost-benefit equation) *and* about long-term economic and social development and wealth retention.

This is where CBAs and CBFs come in. CBA/CBFs may address impact mitigation but can (and should) focus on a holistic view of the project development cycle and the long-term legacy of industrial projects. CBAs and CBFs have the specific purpose of providing a direct mechanism to ensure the flow of benefits from capital-intensive projects to host communities. Many of these host communities are remote, rural locations, where local actors typically have far fewer resources than do pro-development actors (Heisler and Markey, 2014; Kemp, 2010; Mackenzie, 2013). In response to this power discrepancy, CBAs and CBFs—if implemented properly—offer an avenue for communities to have their voice heard and to take ownership in their collective

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future while also providing a tool to hold industry accountable (Gross, LeRoy, and Janis-Aparicio, 2005).

The history and current uses of Community Benefit Agreements & Funds

The term community benefits originated in healthcare policy. Since the 1950s, U.S. non-profit hospitals in the U.S. have had to document the provision of community benefits to qualify for tax-exempt status (National Health Care for the Homeless Council, 2016.) In the 1990s, land use conflicts sparked by extensive urban redevelopment led to the growth of a Community Benefits Agreement movement in the United States. This growth was driven by a desire from communities to see real benefits from development projects beyond just job creation. CBAs are now a common land use planning tool in urban development, with dozens in use in cities across the country to address impacts from mega-projects (typically stadiums) to redevelopments of urban military bases (Gross, LeRoy, and Janis-Aparicio, 2005).

A Community Benefits Agreement (CBAs) is a: “project-specific agreement between a developer and a broad community coalition that details the project’s contributions to the community and ensures community support for the project. Addressing a range of community issues, properly structured CBAs are legally binding and directly enforceable by the signatories.” CBAs are typically private contracts between a prospective developer and community representatives (Salkin and Lavine, 2008) but have also led to agreements between local governments and developers and broader policy change at the local or state level (Partnership for Working Families, 2015).

CBAs focus on securing various benefits for local communities from new land or industrial development projects. While the specifics of CBAs vary by location, their purpose is to explicate and address opportunities to mitigate local impacts and enhance local benefits. For example, CBAs often include "living-wage provisions, 'first-source' (local) hiring plans, guarantees that developments will include low-income housing, and assurances of minority hiring minimums" (Salkin and Lavine, 2008 pg. 19). Other stipulations of CBAs may include investment by project developers in assets that facilitate development and developing critical infrastructure such as transportation, recreational facilities, tourism and visitor centers, educational facilities, daycare, health services, housing, and emergency services (Ryser, 2016).

A Community Benefits Fund (CBF) is a standard component of a benefits agreement. A CBF holds and distributes funds contributed by the project developer. Third-party entities often act as the fund’s fiscal agent. In the case of urban CBAs, CBFs expenditures may be limited to specific programs and services stipulated in the CBA. However, it is possible to negotiate a CBF that can be adapted to emerging community development priorities through discretionary distribution programs (e.g., grants or low-interest loans). There are examples of developer-funded CBFs with a broad philanthropic and community development mission in both the more developed and lesser developed countries. In the United States, one such example is the New Yankees Stadium Community Benefits Fund which provides grants to various non-profits that work in Bronx County. The fund focuses on projects that promote economic equality, including housing assistance and training and services for unemployed citizens of the county (Cardinal McCloskey Community Services, 2016).

In the case of extractive industry developments in rural and remote areas, CBAs go by several common names including community development agreements (CDAs), "Impact Benefit Agreements" (IBAs), and "Indigenous Land Use Agreements" (ILUA), among others. CBAs in this space have only really gained traction in the last 30 years—primarily in developing nations around the world. Examples include agreements about projects near or on indigenous lands in

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Australia and Canada, as well as examples around industrial projects in Africa, South America, and Central Asia (O'Faircheallaigh, 2012). The World Bank has also done extensive research around CBAs in mining communities worldwide. This research is mostly focused on CBAs in developing countries, with the primary examples from Papua New Guinea, Peru, Mongolia, Nigeria, and South Africa (among others), but they also cite examples from Canada and Western Australia (Centre for Social Responsibility in Mining, 2011; World Bank, 2010).

The appeal of CBAs for mining and other extractive projects has multiple dimensions. First is the increase in the number of multinational corporations pursuing projects in remote locales. These places are often unfit to bear stress on what local services are available, and typically lack the capacity to turn capital into economic development. Mining companies are therefore being increasingly pressured to use CBAs to mitigate impacts and facilitate local capacity building so that local communities see long term benefits. Additionally, CBAs can alleviate some of the social tension created by the fact that benefits from large-scale extractive operations typically accrue at national or regional scales, while the costs and risks are more often felt at the local level (O'Faircheallaigh, 2012; Campbell and Roberts, 2010).

Beyond the mining industry, there are useful examples of CBAs and CBFs that have emerged around other industrial projects in remote areas of developed nations. Of these, the majority are found tied to renewable energy projects located in or near rural communities. The UK has seen a growing trend in the use of CBFs specifically in the case of onshore wind development (Kerr, Johnson, and Weir, 2017). For example, in Wales, one developer is offering a community fund in an area that hosts multiple wind farms, and another nearby proposal for a larger farm includes "sizable annual contributions to habitat management and community benefit funds" (Munday, Bristow, and Cowell, 2011 pg. 5). In addition to renewable energy, a variety of other energy projects have also begun to incorporate CBFs. Western Australia is another example of a remote area that has seen CBAs and/or CBFs emerge in connection with energy projects. A specific example here is the development of a Liquefied Natural Gas (LNG) project near a small, remote town named Onslow. This project includes a "social impact package" for which Chevron has committed \$187 million dollars to various community and public infrastructure projects, including a dedicated Community Development Fund (McKenzie, 2013). See Figure 1. for a few examples of CBAs and CBFs currently or recently in use around the world.

Project	Company	Industry	Location	CBA in place	CBF in place
Ahafo Gold Project	Newmont Mining	Mining	Ghana	Newmont Ahafo Development Foundation Agreement among others	Newmont Ahafo Development Fund
Lihir Gold Mine	Lihir Gold	Mining	Papua New Guinea	Lihir Sustainable Development Plan	Yes, direct payments to landowners
Argyle Diamond Mine	Rio Tinto	Mining	Australia	Participation Agreement	Sustainability Fund
Sakhalin II	Sakhalinenergy Investment Co.	Oil and Gas	Sakhalin Island	Sakhalin Indigenous Development Plan	Sakhalin Indigenous Minorities Mini Grant Fund
Weipa bauxite mine	Rio tinto	Mining	Australia	Western Cape Communities Co-Existence Agreement	Western Cape Communities Trust

Figure 1. Examples of CBAs and CBFs tied to energy projects

In the case of mining projects, it is important to distinguish the use of corporate donations to secure SLO from what is considered best practice in the CBA/CBF literature. Cash donations from extractive industries to local communities do not qualify as CBFs if they do not include

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appropriate governance. For example, in British Columbia disputes are ongoing over mineral development on Aboriginal (also known as First Nation) lands. To ease some of these disputes, many mining companies—as part of their 'corporate social responsibility' (CSR) programs—are donating cash to Aboriginal communities to help obtain a SLO. While it can be argued that these cash donations are a form of benefit sharing, the lack of transparency, accountability, and investment guidelines can exacerbate local political conflicts and mean that the investment does little to secure long-term benefits for a community.

Goals & Potential Benefits of CBAs

With the establishment of any CBA and/or CBF it is important to understand the goals of all parties involved. These parties typically but not always include: government, industry, and affected communities but this report will be limited to industry and community perspectives in this process. From a company perspective, the main goal behind a CBA is to facilitate benefit sharing with local communities in order to obtain an SLO. If met, this goal enables industry to realize many benefits associated with a successful CBA. These benefits include: the creation of an environment that encourages outside investment for potential future projects, the establishment of positive relationships with host communities that are built on clarity and transparency, understanding by a community of a project timeline and roles of both the company and the community in the project, and the ability to set up a project to succeed long-term.

Community goals in this process are typically focused on short and long-term improvements to their economic outlook and quality of life, as well as mitigation and compensation of impacts related to the project. Successful CBAs enable communities to build local capacity (often through an initial needs assessment), identify the specific economic benefits that a project will result in (number of jobs, increased funding for certain projects, etc.), and hold a developer accountable for their promises and actions related to an extractive development or project (IFC 2010; World Bank, 2012). Additionally, benefits from CBAs can include the ability for a community to take ownership and have a voice in determining their collective future (Aitken, 2010).

Risks and Challenges of CBAs

While the goals of communities and industry certainly overlap, there remains potential for conflict in the development of a CBA. To avoid this conflict and ensure the CBA development process is beneficial for all parties, it is important to identify the risks and challenges associated with the establishment of a successful CBA or CBF? One of the main challenges indicated in the literature is the capacity of some rural communities. If this local capacity is limited or nonexistent, the community will struggle to gain real benefits—like local employment, infrastructure improvements, etc.—from an industrial project regardless of the specifics of a CBA. Furthermore, creating a successful CBA also faces the risk of upsetting the balance between the pursuit of socio-economic development and the protection of cultural and bio-physical environments (O'Faircheallaigh, 2013). This is especially given that many of these remote areas may be struggling economically and therefore face heightened pressure to secure jobs associated with industrial projects. Another challenge often facing CBAs and CBFs is the identification of legitimate projects to fund. Even where local capacity is not the limiting factor, it can still be difficult to identify projects that an entire community views as positive and leaving lasting benefits (Aitken, 2010). Communities trying to develop a CBA also face challenges over creating and maintain control over the direction of projects and initiatives of such agreements—

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especially when the funding for said projects comes from a single source. This is further complicated by capacity issues mentioned previously, as well as competing interest groups around extractive projects (Munday, Bristow, and Cowell, 2012).

Key elements community benefit agreements & funds

Given the goals, benefits, challenges, and risks that this report has identified as accompanying the establishment of a CBA/CBF, it is important to recognize key elements—as suggested in the literature—that are vital for a success. The World Bank (2012) summarizes the key elements of a successful CBA into some main takeaways:

- CBA agreements should clearly describe the **roles, responsibilities, and expected behaviors** of signatories
- ...community development activities should be clearly distinguished from any activities which are specifically intended to avoid/mitigate the adverse impacts of a project.
- **Early planning** (preferably before mine operation) and engagement is critical to a successful agreement
- **Closure planning** should be built into discussions from the beginning, as should schedules for ongoing monitoring and evaluation, and reporting
- Focus on the process of establishing trust between the parties
- **Stakeholder mapping** can help identify "qualified communities" and potentially marginalized groups affected by the project
- **Involvement and participation** of stakeholders in needs assessment
- **Engagement of all stakeholder groups**
- **Meaningful, two-way engagement** to build trust
- **Efforts to enhance local capacity**
- **The criteria for the management and allocation of funds** should be clearly established
- **Inclusion of an effective grievance mechanism** that involve local leadership/institutions
- A format that **encourages transparency** and **ensures funding goes to priority areas**
- **Monitoring programs** that involve stakeholders whenever possible
- Regular **auditing and reporting** (pg. 11-13)

These elements, among others, all need to be combined in a legal document that holds both parties accountable for a CBA to succeed long term. Additionally, communities need to spend considerable effort deciding how to manage and allocate (as identified in the key elements) any associated funds (whether formally incorporated into a CBF or not) that may be included in a CBA. This includes considering establishment of a foundation, trust, or some other financial vehicle to manage the funds. The international development community—in the context of mining—has identified a model called the Foundations, Trusts, and Funds Model (FTFs) which can bring "particular value where local capacities are limited, public services are absent or weak, and there is a need to demonstrate continued benefit from mining after operations have closed" (Wall and Pelon, pg. 1). The FTFs model calls for large endowments to establish funding in perpetuity for community development and long-term benefits.

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Outcomes of CBAs & CBFs: Lessons for Rural and Remote Communities

Fortunately, practical advice is also available from both the CBA and CBF literatures to inform a useful model, beyond just thinking theoretically about key elements. This model can be utilized by and for rural U.S. communities that host industrial projects. A review of the literature reveals many lessons for these rural communities

Many of these lessons come from CBAs and CBFs around renewable projects in Europe—the UK in particular. These projects reveal the importance for the community to have a clear vision, or "wish list". The creation of this vision enables the community to take ownership of the projects implemented within a formal or informal benefits agreement. The literature provides numerous examples of instances where community groups made specific requests of developers in service of a greater goal for their community. These types of requests vary by location, but many are centered around economic development. A specific success story comes from the Altahullion wind project in Northern Ireland. This wind development opened in 2003 near a small town of about three thousand people. During the siting and application stage of the project, a local community group asked for tourist related development as a community benefit. In response, the developer designated one turbine as a "tourist turbine" and built a car park, foot path, and informational boards for tourists. The local city council now touts the site as a tourist attraction and annual school trips as well as tours are conducted at the turbine. Another example of community vision comes from the Burton Wold wind Farm, located in Burton Latimer, England. Another small community, the residents of the area expressed a desire for cheaply available local power that was previously unavailable. The result of this request was a community fund that was given a £40,000 endowment (with another £10,000 contributed annually) and was earmarked for local energy efficiency and education projects. The fund has seen the successful installation of local solar panels that supply hot water to communal areas (Centre for Sustainable Energy, 2009). The key takeaway for a rural community is this: have a clear vision of projects and ideas that are manageable for the developer and have potential to benefit the community.

Another clear lesson from the CBA literature is to avoid drawing arbitrary boundaries between communities surrounding a project. This is taken from experience in Nigeria, where this tactic has created conflict in areas where it was not present before (World Bank, 2012). The takeaway for rural communities in the U.S. would be to think carefully about the project's area of influence and to include any marginalized groups (as suggested in the key elements), such as Indigenous populations or nearby small communities, that may be affected by the development. Many extractive companies strive to employ members of such marginalized groups, and their inclusion in the CBA process will increase the likelihood of a successful agreement.

The literature also advocates for the inclusion of third parties such as community non-governmental organizations (NGOs) and other groups in the process of developing and implementing a CBA. These parties can often help hold both negotiating factions accountable, can provide local insight and knowledge, and can also play a vital role in participatory monitoring programs which have proven to be successful in resource extractive communities (World Bank, 2012). To facilitate the inclusion of these outside groups, the literature suggests that CBAs contain specific provisions to enable local communities to reach out to independent organizations. Examples include the Participation Agreement between Indigenous tribes in Western Australia and Rio Tinto concerning the Argyle diamond mine. This agreement included funding for the tribes to seek legal counsel during negotiations (Centre for Social Responsibility in Mining, 2011).

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One final lesson that both industry and community can draw on is commitment to communication. Lessons from case studies in the literature suggest that the most effective CBAs include an arrangement where the community feels free to communicate any demands, questions, or suggestions to the developer at any time, and where the developer responds 100 percent of the time—regardless of whether the answer is what the community hoped for or not (World bank, 2012). This kind of communication will help build and solidify the trust necessary for both sides to achieve the benefits of a successful CBA.

In sum, communities need to heed four key lessons when developing a model for negotiating and implementing a CBA and/or CBF. First, communities should have a clear vision—realized through participatory engagement with residents—for initiatives and projects to be included in a CBA. Secondly, host communities should be conscious of including outside groups into the CBA process. Thirdly, communities should collaborate with outside organizations that can help overcome local capacity issues. This lesson also advocates for industry to help facilitate this collaboration with funding and other resources. The fourth and final lesson for rural communities is to commit to clear and effective communication with a project developer when negotiating and implementing a CBA. All of these lessons, along with the key elements of successful CBAs, can assist rural communities in the U.S. as they try to secure both short and long-term benefits from extractive projects.

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Appendix A: The Good Neighbor Agreement

This Appendix provides a brief summary of the Good Neighbor Agreement to serve as an example for the Meagher County Stewardship Council (MCSC) as it considers drafting a CBA related to the BBCP.

A. What is the Good Neighbor Agreement (GNA)?

The GNA is an agreement is a legally binding agreement struck in May 2000 between the Stillwater Mining Company (SMC) and the northern Plains Resource Council, the Cottonwood Resource Council, and the Stillwater Protective Association. The agreement addresses environmental standards around two platinum mines located in the Beartooth Mountains south of Big Timber and Livingston, Montana. These mines are operated by Stillwater Mining Company (recently acquired by the South African company Sibanye Gold) and are currently in operation (*New York Times*, 2000).

B. What is the purpose of the GNA?

The purpose of the GNA is primarily to address environmental concerns around the Stillwater Mine. The agreement identifies 5 main purposes: 1) to minimize impacts of the mine on local communities, the local economy, and the environment. 2) To establish and maintain communication between the parties of the agreement (as well as to provide a communication avenue for concerned citizens). 3) To allow input from the Councils (see above) in mining decisions made by Stillwater Mining Company. 4) To bind SMC and any future successors to the agreement through the life of the mine. 5) To prevent litigation between the Councils and SMC.

C. What are the programs and initiatives in the GNA?

Main programs in the GNA agreement include independent water and biological monitoring and a traffic reduction plan. Additional programs include: a fisheries population monitoring program, a reclamation plan and bond evaluation program conducted simultaneously with state evaluations of SMC's bond and reclamation plans, and a tailings and waste rock project.

D. How are these programs funded?

The GNA agreement lays out funding for each specific project. All projects are funded by SMC, with specific amounts for each obligation. In addition, the GNA specifies that SMC will fund other expenses incurred by the Councils. These expenses include reimbursements for the Councils to hire outside technical and scientific experts, reimbursements for the costs of citizen sampling (for the water and fisheries monitoring projects), and administrative expenses. The reimbursement process includes the establishment of an Escrow Fund (initially funded with fifty thousand dollars) from which payments are made.

E. What else does the GNA establish?

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Other noteworthy establishments of the GNA include the creation of three committees: one oversight committee for each mining project (the SMC owned both the Stillwater and the East Boulder Mines) and one "Responsible Mining Practices and Technology Committee". The oversight committees consisted of two people appointed by SMC and two people appointed by the Councils. The committees were implemented to oversee and implement the terms of the GNA, to address concern around mining operations, to communicate between the parties, to oversee and implement plans and programs, to serve as a decision-making body, and to resolve disputes. The "Responsible Mining Practices and Technology Committee" consists of three SMC representatives and three representatives from the Councils (one from each). This committee was primarily established to identify new technologies and/or mining practices that could "eliminate and/or minimize potential adverse impacts on the Environment caused by SMC Mining Operations, to minimize the production of wastes created by SMC Mining Operations, and to eliminate and/or minimize potential safety risks associated with the disposal of wastes from SMC Mining Operations" (Good Neighbor Agreement, page 23).

The GNA also establishes a dispute resolution mechanism, cited by many as a key element of the agreement (Halstead-Acharya, 2010). This mechanism lays out guidelines for dispute resolution designed to eliminate the possibility of lawsuits. Disputes arise if and when an oversight committee cannot reach a resolution within 120 days of an issue being raised.

F. How does the GNA compare to a CBA?

The GNA agreement is a type of CBA. The GNA fits the definition of a CBA established in this report as a "project-specific agreement between a developer and a broad community coalition that details the project's contributions to the community and ensures community support for the project" (Salkin and Lavine, 2008). However, the GNA is a CBA that focuses primarily on environmental concerns. Beyond traffic reduction plans that include busing for SMC employees and limits on the location of employee housing, the GNA does not address socio-economic concerns.

G. Does the GNA include a CBF?

The GNA does include a CBF. The agreement specifies which projects (with amounts) that SMC will fund on an annual basis. It establishes an Escrow Fund, as a means to facilitate the promised payments. While this does qualify as a CBF, many CBFs do not stipulate exactly how the funds may be allocated. Often, a CBF may be spent at the community's discretion (or may be spent in broad categories usually focused on economic development).

H. What are the key takeaways from the GNA?

By most accounts, the GNA has been widely successful and can serve as a model for communities that host large-scale mines. Specifically, the GNA appears to establish best practice in regards to dispute resolution. The agreement stipulates a clear process for disputes that has been successful in the goal of eliminating lawsuits. Additionally, the GNA specifically states that the agreement binds SMC and any successors to the agreement through the life of mining operations. The CBA literature recommends this approach as best practice, and SMC has been acquired twice since the GNA was signed which reinforces the importance of this element. Lastly, the GNA also holds up with many other recommendations from the literature including: establishment of clear lines of communication, including participatory monitoring

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programs, clearly identifying roles and responsibilities of stakeholders (especially around funding), local capacity building, closure planning, etc. Halstead-Acharya (2010) reports that the GNA has become the standard for environmental agreements between communities and industry.

I. What is the GNA missing?

The GNA follows many of the recommendations from the literature, but there are missing elements of a successful CBA. Primarily, the GNA does little to ensure that local communities will see long-term socio-economic benefit from the mining operation. While the local communities certainly are realizing the short-term benefit of employment, the GNA does not necessarily provide for additional economic development. Furthermore, while the GNA does include a program to evaluate the bond and reclamation plans of the mines, it does not expand on closure planning. For instance, the GNA has no provisions regarding what will happen to those employed after the mine discontinues operations. The GNA also does not establish any funding for the Councils after closure, suggesting that the local communities may not have guaranteed long-term benefits from the mining operations or the ability to continue the monitoring programs into the future.

Appendix B: The Hard Rock Mining Impact Act Plan

This Appendix provides a brief summary of the Hard Rock Mining Impact Act Plan with the goal of identifying gaps related to the long-term socio-economic planning and growth of Meagher County and White Sulphur Springs Montana.

A. What is the Hard Rock Mining Impact Act?

The Hard Rock Mining Impact Act (HRMIA) is legislation in the state of Montana related to large-scale mineral development. The act was passed in 1981 with the goal of mitigating short-term impacts—specifically impacts to local services—for communities that host large-scale mining projects. The HRMIA stipulates that the developer who submits a hard-rock mine proposal must prepare a Hard Rock Mining Impact Plan (HRMIP) to identify impacts to local government facilities and services. The developer is then required to pre-pay for increased costs that these local governmental units will realize due to the mining operation. For the BBCP, the HRMIP was prepared by Sandfire Resources America and was finalized in August 2018.

B. What does HRMIP include?

In brief, the HRMIP for the BBCP projects consists of: information about the project, identification of affected units of local government, how and why the plan is prepared and implemented, baseline conditions and projections concerning employment, population, school enrollment and revenues, and the baseline conditions and impacts to Meagher County, the City of White Sulphur Springs, and the affected School District #8. The plan also describes how various taxes that apply to the BBCP will be distributed.

C. What are the conclusions of the HRMIP?

The HRMIP identifies three affected units of local government related to the BBCP: Meagher County, the City of White Sulphur Springs, and White Sulphur Springs School District #8. The plan projects that Meagher County will see an increase in costs (for the Sheriff's department and Planning Services) of \$338,700 during the first three years of development of the project. It also projects that the City of White Sulphur Springs will see an increase in costs (for Planning Services) of \$98,300 during the first three years of development of the project. The plan projects no increase in cost to School District #8.

The plan also addresses mine closure and resources available for Meagher County and White Sulphur Springs at the end of operations. The plan describes that the Metal Mines Tax should contribute about \$1.4 million dollars per year to Meagher County (35% of the total tax collected from the BBCP). This county is then required to hold at least 40% of this money in a hard-rock trust reserve account which must be invested. After the mine closes, the county can then distribute the money in the trust account—of which 33% must go to the school districts affected within the county. The rest of the money can be spent (on categories including infrastructure

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projects, lowering mill levies, economic development, and cash incentives to expand employment) or alternately can be used to make grants or loans to other local government units.

The plan also describes that the annual 60% of the Metal Mines Tax not required to be invested in the trust account can then be distributed (by the County Commissioners) to the county, the high school district, and the elementary district (one-third to each). The County Commissioners can also opt to not distribute this 60%, and instead add it to the 40% required to be deposited in the trust reserve.

The HRMIP makes no recommendations or speculations to what this money means for the long-term economic gain of Meagher County and White Sulphur Springs residents.

D. What is the HRMIP missing?

The HRMIP provides an excellent plan for mitigating the short-term impacts, especially concerning the immediate strain on local services. The plan also supplies additional information that WSS and Meagher County can use in regard to mine closure and the available funds to soften the impact towards the end of mine life. However, due to the requirements and nature of the plan, the long-term view is not fully addressed. This long-term view necessitates additional considerations around population decrease, employment opportunities, and community and environmental health.

All information on the HRMIP was sourced from the plan itself.

Appendix C: White Sulphur Springs Growth Policy,

This Appendix provides a brief summary of the Sulphur Springs Growth Policy, and the Meagher County Growth Policy with the goal of identifying gaps related to the long-term socio-economic planning and growth of Meagher County and White Sulphur Springs Montana.

E. What is the White Sulphur Springs (WSS) Growth Plan?

The White Sulphur Springs Growth plan (WSSGP) was adopted by the City Council in May 2017 with the goal of establishing a document to guide the growth of the city and provide a framework for local governmental regulations, while also balancing community needs with individual property right. The plan was developed with the BBCP and the Gordon Butte Project in mind and attempts to address the challenges and opportunities presented by these projects. The policy states that it is "*an expression of the People's vision for the City of White Sulphur Springs*" (City of White Sulphur Springs, pg. 6). The policy then goes on to describe this vision as including a desire to maintain and develop town infrastructure, preserve the town's character, take advantage of the local amenities, and to support residents in their efforts to improve their community.

F. What does WSSGP include?

The WSSGP starts with a description of the public process used to gather public input on economic development, land use and regulations, maintenance of public facilities, public services, housing developments, and educational services. This process incorporated number Planning Board Meetings as well as public meetings to discuss these topics. The policy then identifies some of the key issues voiced during this process. These issues include declining population and tax base, low economic growth, uncertain future regarding the BBCP, deteriorating city streets and housing units, potential for unplanned new growth, and the lack of public transport. After the issues, the plan then goes on to lay out goals and objectives around the issues described. These goals each identify several related objectives, and also mention policy ideas to reach those objectives.

The policy then gives background information on Meagher County and WSS, including the history, climate, and population, and economy of the area. It follows this up with a discussion of the uncertain (when the plan was developed, the BBCP was not guaranteed to be developed) future around natural resources and the population growth of the community.

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The policy concludes that the community is likely to see moderate growth in the future and must plan to support this growth. It identifies run down housing and vacant lots as a key focus area to accommodate any growth. One benefit cited by this plan is the available space within the city limits. Because WSS has been in decline for several decades, the current community footprint can support the anticipated future growth without having to expand beyond city limits. To visualize areas of possible growth in the city, the plan looks at areas around and in the city limits to determine which types of growth would be most suitable for each area.

The next section of the WSSGP develops an implementation plan to categorize on opportunities in WSS. This plan ranges includes goals such as the creation of a dedicated website and signage to attract visitation to the castle museum, the establishment of an Economic development Council to promote business and employment, and a plan to maintain city parks.

In the wrap-up of the growth policy, the plan recommends coordinating with Meagher County to promote development, support maintenance of county infrastructure, support future annexation if necessary and to create an agreement to coordinate local services.

G. What is the WSSGP missing, and how does can it work with the HRMIP?

The WSSGP provides a vision and plan for future growth in in the city. This growth policy can and should be used by the MCSC when considering a CBA related to the BBCP. For example, the WSSGP has conducted participatory public meetings that can go a long way towards identifying a shared community vision around a CBA. The plan also has valuable information on the state of WSS's infrastructure and potential for future growth. This information is accompanied by realistic goals which appear to adequately recognize the challenges and opportunities faced by the community.

As this plan was developed when the BBCP was still an uncertainty, there are several gaps which a CBA could address or support. The first is thinking longer term and considering the population projections developed for the HRMIP. The city growth policy has an optimistic view on future population growth, but the HRMIP proposes that growth around the BBCP will be more modest and will decline in the later years of operation. The WSS community needs to consider the possibility of downsizing towards the end of mine life and what that means for investment in community development. Furthermore, the community might also want to consider programs to support city and county residents that work on the BBCP, but then must transition to other opportunities. Lastly, the growth plan lacks specific action steps to collaborate with the county and outside organizations. These collaborations can assist WSS and Meagher County in realizing long-term benefits using the BBCP as an economic development opportunity.