



COUNTY ADMINISTRATOR'S OFFICE

PIMA COUNTY GOVERNMENTAL CENTER
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C.H. HUCKELBERRY
County Administrator

July 15, 2011

Joseph Snell, President and CEO
Tucson Regional Economic Opportunities, Inc.
120 N. Stone Avenue, Suite 200
Tucson, Arizona 85701

Re: TREO's June 2011 Economic and Fiscal Analysis of Rosemont Mine

Dear Mr. Snell:

I appreciate the information contained in TREO's June 2011 Economic and Fiscal Analysis of Rosemont Mine. I also appreciate Rosemont's corporate membership in TREO.

The economic information provided clearly indicates the venture will be extraordinarily profitable for Rosemont. What is lacking is the other side of the proposed action, which is traditionally called cost. Most large public works or industrial undertakings, such as opening a new mine, undergo a traditional cost/benefit analysis where the fundamental benefits are weighed against the cost. The cost side of the equation is completely omitted from TREO's analysis. The costs, or negative economic impacts, were similarly left out of the Rosemont-funded Arizona State University and Department of Mine's economic analysis.

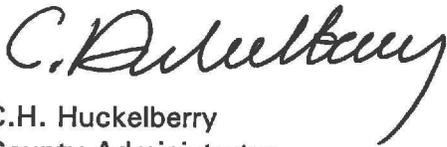
TREO's analysis would appear not to provide any new information, with the exception of one number that I find shocking. On Page 6, in Figure 2, which lists Rosemont's capital costs, \$211,743 is the total cost listed as Rosemont's contribution to modifications to Highway 83. The heavy truck traffic on Highway 83 and on county and city roads to and from the Port of Tucson, located at Kolb and Valencia Roads north of Interstate 10, would certainly result in the need for a significantly higher level of road improvements and maintenance than if the mine was not permitted. A standard HAWK light and related improvements for pedestrian crossings can cost more than \$211,000.

Mr. Joseph Snell
Re: **TREO's June 2011 Economic and Fiscal Analysis of Rosemont Mine**
July 15, 2011
Page 2

Some of the economic impacts provided in TREO's report also deserve to be put into context. In an October 2010 memorandum to the Board of Supervisors (attached) I compared Rosemont's estimated property tax contribution of \$3.5 million annually to that of Freeport McMoRan and ASARCO. I reported that Rosemont's annual property tax contribution to Pima County would be 0.29 percent, or less than one third of one percent of Fiscal Year 2009/10 combined primary and secondary property tax collections.

Again, I appreciate this information, but I had hoped for a more balanced and analytical cost/benefit analysis. Perhaps TREO would be willing to fund an appropriate study quantifying the cost side of this proposal.

Sincerely,



C.H. Huckelberry
County Administrator

CHH/mjk

Attachment

c: The Honorable Chairman and Members, Pima County Board of Supervisors
Nicole Fyffe, Executive Assistant to the County Administrator

