Laborers' International Union of North America

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Elk Creek Solar Project
Docket No. IP7009/CN-19-351, IP7009/GS-19-495
Economic Analysis
Fact Sheet

The Elk Creek Solar Project will contribute tens of millions of dollars in economic activity to southwestern Minnesota at a time when workers throughout the state desperately need new economic opportunities. The coronavirus pandemic has pushed Minnesota into a deep economic crisis. The statewide unemployment rate jumped from 2.9% in March 2020 to a high of 9.9% in May 2020.

Since the start of the coronavirus crisis, hundreds of thousands of Minnesotans have applied for unemployment insurance including 45,996 construction workers statewide, of which 2,798 live in the Southwest Planning Region.[1] We expect to see the number of unemployed construction workers grow further heading into the 2021 season, as contractors complete work on projects approved before the pandemic hit. Minnesota workers are hurting, and the pain will get worse before it gets better.

New investments in clean energy projects like the Elk Creek Solar Project will create good family-supporting jobs for Minnesota workers and help create a pathway out of the recession. The project will create an estimated 100 family-supporting construction jobs and generate approximately $180,00 annually or $4.5 million over 25 years in production tax revenues.[2] The project will have a particularly positive socioeconomic impact because the developer, Geronimo Energy, has indicated a commitment to work with labor unions to recruit a skilled local workforce. Similar to new wind farm construction, the use of a majority-local workforce to build a solar farm significantly increases the socioeconomic benefits for host communities.

We estimate that this project will create 100 full-time equivalent jobs.[3] Based on a solar industry adjusted version of the economic impact model utilized in a recent North Star Policy Institute research report, *Catching the Wind: The impact of local vs. non-local hiring practices on construction of Minnesota Wind Farms*, we find the following:

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[1] Full data available through Minnesota DEED's unemployment insurance statistics portal available here: https://mn.gov/deed/data/current-econ-highlights/state-national-employment.jsp.

[2] MN PUC Application for Certificate of Need, page 22, available here: https://www.edockets.state.mn.us/EFiling/edockets/searchDocuments.do?method=showPoup&documentId={807A2C6D-0000-C337-9BA9-16CAD9EAC094}&documentTitle=20199-155857-02.

[3] Job numbers are based on the developer's estimate in their MN PUC Application for Certificate of Need - see page 15 here: https://www.edockets.state.mn.us/EFiling/edockets/searchDocuments.do?method=showPoup&documentId=%7B807A2C6D-0000-C337-9BA9-16CAD9EAC094%7D&documentTitle=20199-155857-02. We assume that each job equals a full-time equivalent (FTE) job. As we have in past analysis, we assume that one FTE equals 1,500 hours of work, which is consistent with typical construction industry practice in Minnesota.

- The typical construction worker on the Elk Creek Solar Project will log approximately 1,500 hours of taxable work generating:
    - $59,000 in taxable income
    - More than a year of high-quality family medical coverage
    - More than $16,000 in retirement contributions
- We estimate that each individual worker will spend approximately 95% of their after-tax and after-savings income in the regional economy.
- On the individual level, each worker can be expected to contribute $56,000 into the regional economy.
- Further, on the aggregate, we anticipate that construction employment on the project will generate $3.5-4.4 million in direct spending in the regional economy.
- Based on previous research, we estimate that every dollar spent in the regional economy will generate $0.74 (73.77%) in additional economic activity beyond the direct spending of the 100 workers employed for the construction of the Elk Creek Solar Project.
- When we include these economic multipliers, Elk Creek Solar Project Project can be expected to generate $6.2-7.6 million in local economic activity.

For construction workers, a project like the Elk Creek Solar Project is more than just a “job”, it can mean having enough for a down payment on a house or enough to start working on a two- or four-year degree. For members who are also farmers or ranchers, it is the kind of outside income that can help keep the wolves from the door in a tough year.

Solar projects like the Elk Creek Solar Project have the added benefit of delivering other positive economic benefits including lease revenues, property taxes, and local spending to Minnesota communities. Perhaps most importantly, investments like the Elk Creek Solar Project will provide vital economic stimulus to create new opportunities for unemployed construction workers and a ladder to help Minnesota climb out of the depths of this recession.