

ARROWHEAD REGIONAL DEVELOPMENT COMMISSION




200 ARROWHEAD PLACE  
DULUTH, MINNESOTA 55802  
PHONE 218/722-5545

09 - 0932

MEMORANDUM

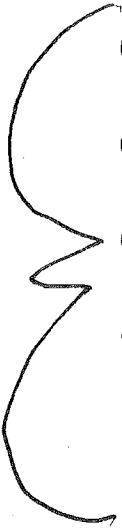
TO: Arrowhead Regional Development Commission  
Economic Adjustment Committee

FROM: Rudy R. Esala  
Executive Director 

DATE: March 7, 1977

RE: Impact of closure of Reserve Mining Company, problems identified, strategies and proposals to address needs of citizens and local units of government in Northeastern Minnesota.

The materials attached present data and analysis of those most severe problems which will face Northeastern Minnesota residents and units of local government due to a closure this summer of Reserve Mining Company. The materials relate to five problem categories:

- 
- (1) Economic Development - the potential for new jobs in the impacted area;
  - (2) Job Placement and Retraining - the potential for area wage earners to secure employment in existing industries;
  - (3) Housing - the need to protect years of private investment in home equities;
  - (4) Local Government and Human Services - loss of revenue due to company closing and, therefore, loss of necessary services;
  - (5) Business Impacts - effects of closure on local suppliers, retailers and service businesses.

Three problem areas are identified for immediate legislative assistance:

- (1) financial commitments to protect individual homeowner equities,

ARROWHEAD REGIONAL DEVELOPMENT COMMISSION

March 7, 1977

Page 2

- (2) financial commitments to insure adequate level of governmental and human services by replacing revenues lost due to closure,
- (3) special enabling legislation (or use of existing entity) to receive and administer federal funds for specific assistance proposals.

A closure of Reserve Mining Company may present alternatives for the future:

- (1) The area's economy could be restructured, which would require infusion of mass public funding until new permanent jobs could be brought to the area. However, this would almost surely bring any economic redevelopment plan into conflict with environmental issues on the North Shore.
- (2) Incentives, including homeowner equity protection and relocation assistance, could be offered to increase the number of families able to relocate for new jobs. The magnitude and nature of these and other incentives would in part determine the survival of Silver Bay and other area communities.

Immediate human and local government needs must be met regardless of the ultimate decision for the survival of the local communities. Northeastern Minnesota citizens and units of local government are like those anywhere in the State. Unfortunately, they greatly rely on a single industry. Northeastern Minnesota citizens are distributed among all age groups, possess varying skills and ability to be re-trained and reemployed.

No entirely satisfying solution to local citizens needs and rights can be found if Reserve Mining Company closes. The assistance which should be offered will presumably fall somewhere between complete revitalization of the area and the creation of ghost towns. The problems we have identified are all interrelated. The proposals we now make address the immediate needs of families and local governments. But responses to immediate needs will surely affect the future of communities in Northeastern Minnesota. The analysis and data presented in the attached materials seeks to explain the relationship of the problems expected in Northeastern Minnesota if Reserve closes. We respectfully direct the attention of the legislature to the immediate needs of the area. But we also wish to call attention to those decisions which the legislature must make for the future of the people, communities and economy of Northeastern Minnesota.

TABLE OF CONTENTS

- A. Reserve Employees -- general demographics, employee benefits, unemployment compensation, other benefits.
- B. Economic Development in the Impact Area.
- C. Job Placement.
- D. Housing.
- E. Business Impacts.
- F. Local Government Financing.
- G. Administration of State and Federal Assistance.  
(Community Profiles)

Reserve employees - general demographics

Data was obtained from Reserve Mining Company and Steelworker Union sources. Categories in which data was sought include number, age, seniority, skill level and place of residence of Reserve employees. The latest information obtained was from Reserve on February 22, 1977. Earlier data was obtained from the Unions and was based on November, 1976 and February, 1976 print-outs. No source alone was able to supply all the information needed. When compared, information from these sources contains slight statistical variances, since the size of the overall work force has changes slightly in the past few months. Some data and some tables which follow are based on the February, 1977 information and some are based on the earlier information, and thus a slight inconsistency may be seen when some totals are compared.

According to the latest data, that of February 22, 1977, there are 2,870 active Reserve Mining Company employees, 2,224 (77%) are hourly wage earners and 646 (23%) are salaried.

Of the hourly paid work force, 1,260 (57%) work in the Babbitt division and 964 (43%) in the Silver Bay Division. Of the hourly paid work force, 24.2% (538) live in Silver Bay, 22.3% (495) in Babbitt, 19.6% (437) in Ely, 11.3% (251) in Two Harbors and the remaining 22.6% (503) live throughout the general area. 45.8% (321) of the salaried employees live in Silver Bay and 24.3% (157) live in Babbitt. (See Housing summary, below, for more detailed residence data.)

1188 Reserve employees are below the age of 40, 1682 employees have reached 40 years of age. 614 have reached 50 years of age. See table below for age breakdown in more detail.

EMPLOYEE BENEFITS - unemployment compensation and Reserve employees benefits.

Actual value of benefits under the current collective bargaining agreement are difficult to determine. The current agreement includes supplementary unemployment benefits (SUB), severance pay and vacation pay. Under any calculation, benefits under the collective bargaining agreement provide short-term assistance only.

SUB benefits are available to all hourly employees with more than two years of service. Unemployment compensation payments are subtracted from the maximum SUB benefit. At current levels to a former employee receiving \$113.00/week unemployment compensation, the weekly SUB payment would be \$66.83/week.

Assuming maximum use of the SUB fund commencing on July 7, 1977 as applicable to all 2070 eligible employees, it is expected SUB benefits would expire in 12.19 weeks. The size of the fund dedicated to SUB payments, then, is \$1,686,341.40. According to the SUB agreement, SUB payments would not be payable in the event the company is forced to close either by a court order or due to lack of proper operating permits from the State. However, contributions to the SUB fund have been treated as a business expense by the company and assets are held under a trusteeship. It seems likely that Reserve would not contest the payment of SUB benefits and it is rumored that such a statement has been made by a Reserve spokesman. An increase in the amount of weekly unemployment benefits would simply decrease the amount of weekly SUB payments. In that event, SUB payments may last longer than 12.9 weeks, but total individual benefit would not change.

Severance pay and vacation pay are also available to eligible employees. With payments based on seniority, all employees with 3 or more years continuous service are eligible for severance pay. SUB benefits are deductible from severance pay and severance pay would last a period of from 4 to 8 weeks, based on seniority of the recipient. (Electing severance pay may actually reduce the total benefit an employee might derive from exclusive use of SUB benefits.)

Vacation pay is not deductible from State unemployment compensation benefits. In January, 1976, the average number of weeks vacation for which Reserve employees were eligible was 4. Vacation, severance and SUB benefits are all taxable as income to the recipient.

Most medical insurance coverage under the Reserve program of benefits continues for 12 months following layoff for employees having 10 or more years of continuous service. Life insurance benefits may be continued by the former employee. Six months of benefits extend to employees with two to ten years continuous service. Limited extensions are available to employees at full premium cost. If employment is terminated, all coverage under the program ends on the date of termination.

No calculation is yet available of the actual size of Reserve's pension fund. No guarantee can be made now that is actuarially sound. This data is being sought. However, vested pension rights are guaranteed by the Federal government and such guaranteed rights would be based upon salary levels and pension rights as of 3 years prior to closure. Under the pension agreement, pensions vest on a simple graduated basis, considering age and number of years of service.

State and Federal unemployment compensation is available across the board to Reserve employees, with all but the lowest paid office workers receiving maximum benefits. 26 weeks of regular state benefits and 13 weeks of state extended benefits are available. There is question whether additional extended benefits would be available. Projections made by Mr. Rudy Pinola, Director of Research, Minnesota Department of Employment Services, based upon a Reserve shutdown on July 1, 1976, were that 13 added weeks of Federal Supplemental Benefits were only a 50% probability and that a full 26 weeks of the Federal extended program benefits were near zero probable. (These projections are currently being updated with the kind assistance of Mr. Pinola.) Federal Supplemental Benefits are triggered by the State unemployment rate for a period preceding the payments. This federal benefit program will

will terminate March 31, 1977 unless extended by Congress.

Reserve employees eligible for company SUB benefits according to these estimates would receive \$179.83/week for approximately 12 weeks (\$113.00 unemployment compensation payments + \$63.83 SUB payments) and thereafter \$113.00/week for as long as State and Federal unemployment compensation payments last, at least 27 additional weeks. (The rate of Minnesota unemployment compensation payments may be raised this session to \$120.00/week.)


Non-Reserve employees who lose jobs as a result of the company shutdown would likely receive only State/Federal unemployment compensation benefits.

Mr. Joel Kvamme, DPW Corrective Action, in June, 1976, estimated increased costs due to shutdown, to State and county for AFDC, medical assistance and Food Stamp benefits. These projections are reproduced below.

## Office Memorandum

DEPARTMENT PUBLIC WELFARETO : Andy Kozak  
Governor's Office

DATE: June 21, 1976

FROM :  Joel Kvamme  
DPW Corrective ActionPHONE: 296-4730SUBJECT: Projected State and County Assistance Costs for Reserve Mining  
Company Employees

Per your request, following are general estimates of increased costs to the State and county in the event the Reserve Mining Company should terminate operations. The estimates given are based on a total of 3,500 employees and project from 1% to 20% of employees becoming eligible for assistance. It has been assumed that each employee is the head of a household consisting of two adults and two children (family of four).

Estimates are provided for the Aid to Families with Dependent Children (AFDC) and Medical Assistance (MA) programs. Recipient families would also be eligible for Food Stamps and approximate costs are included for that program. However, it should be noted that the benefit value of Food Stamps would be a cost incurred by the federal government alone. No state or local dollars are involved.

Costs cited in the enclosed tables do not include any increased administrative costs associated with processing additional cases.

For your reference, I note that the St. Louis County Welfare Department alerted us to a study done recently by Dr. Lickty and Jerry Peterson of UMD. This study apparently assessed the economic impact of Reserve's closing on the seven Arrowhead counties and Douglas County in Wisconsin.

## I. AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC)

The following monthly estimates are based on the standard grant allowance for a family of four in a non-shared household which is \$385 per month. The state and county bear an equal share of the total cost, 21.58%, and the federal government is responsible for the balance of 56.84% of the total cost.



PROJECTED MONTHLY AFDC COST

% of Families Becoming Eligible	Number of Eligible Families	Federal Share (21.58%)	State Share (21.58%)	County Share (21.58%)	Total Cost/Mo. (100%)
1%	35	\$ 7,659	\$ 2,908	\$ 2,908	\$ 13,475
2%	70	15,318	5,816	5,816	26,950
3%	105	22,977	8,724	8,724	40,425
4%	140	30,636	11,632	11,632	53,900
5%	175	38,295	14,540	14,540	67,375
10%	350	76,590	29,080	29,080	134,750
15%	525	114,885	43,620	43,620	202,125
20%	700	\$153,180	\$58,160	\$58,160	\$269,500

II. MEDICAL ASSISTANCE (MA)

Medical Assistance cost estimates are based on statewide average figures. About 60% of all cases eligible for medical assistance (including AFDC cases) actually receive assistance during an average month. The average monthly payment per case is \$80. Of the total costs the federal share is 56.84%, state share is 38.84%, and county share is 4.32%.

PROJECTED MONTHLY MA COST

% of Families Becoming Eligible	Number of Families Expected to Receive MA	Federal Share (56.84%)	State Share (38.84%)	County Share (4.32%)	Total Cost/Mo. (100%)
1%	21	\$ 955	\$ 652	\$ 73	\$ 1,680
2%	42	1,910	1,304	146	3,360
3%	63	2,865	1,956	219	5,040
4%	84	3,820	2,608	292	6,720
5%	105	4,775	3,260	365	8,400
10%	210	9,550	6,520	730	16,800
15%	315	14,325	9,780	1,095	25,200
20%	420	19,100	13,040	1,460	33,600

III. FOOD STAMPS

The following estimates for assistance through food stamps are given to provide an idea of the amount of assistance which might be available to recipient families. The federal government assumes 100% of the cost of food stamps and therefore the state and county are responsible only for 50% of the administrative costs. The estimates are based on a family of four receiving \$144 of stamps per month.

PROJECTED FOOD STAMP BENEFITS

% of Families Becoming Eligible	Number of Eligible Families	Total Federal Cost Per Month
1%	35	5,040
2%	70	10,080
3%	105	15,120
4%	140	20,160
5%	175	25,200
10%	350	50,400
15%	525	75,600
20%	700	\$100,800

IV. PROJECTED TOTAL COSTS TO STATE AND COUNTY

Based on the preceding estimates, the following increased state and county costs may be anticipated.

PROJECTED TOTAL MONTHLY COSTS-AFDC AND MA

% of Families Becoming Eligible	State Costs AFDC and MA	County Costs AFDC and MA
1%	\$ 3,560	\$ 2,981
2%	7,120	5,962
3%	10,680	8,943
4%	14,240	11,924
5%	17,800	14,905
10%	35,600	29,810
15%	53,400	44,715
20%	\$71,200	\$59,620

Reserve Mining Company Trade or Craft Jobs <sup>1</sup>

- Silver Bay Division -

Job Title	Job Class	Number of Employees	Hourly Pay Rate <sup>2</sup>	Annual Payroll <sup>3</sup>
Maintenance Mechanic App.	5	8	\$5.996	\$ 99,773.44
Auto Mechanic App.	6	2	6.103	25,388.48
Maintenance Mechanic App.	6	5	6.103	63,471.20
Pipefitter App.	6	2	6.103	25,388.48
Carpenter App.	7	1	6.210	12,916.80
Electrician App.	7	2	6.210	25,833.60
Maintenance Mechanic App.	7	4	6.210	51,667.20
Welder App.	7	2	6.210	25,833.60
Electrician App.	8	1	6.317	13,139.36
Machinist App.	8	2	6.317	26,278.72
Maintenance Mechanic App.	8	3	6.317	39,418.08
Welder App.	8	1	6.317	13,139.36
Carpenter App.	9	1	6.424	13,361.92
Electrician App.	9	1	6.424	13,361.92
Maintenance Mechanic App.	9	4	6.531	53,447.68
Auto Mechanic App.	10	1	6.531	13,584.48
Electrician App.	10	1	6.531	13,584.48
Machinist App.	10	1	6.531	13,584.48
Welder App.	10	1	6.531	13,584.48
Machinist App.	12	1	6.745	14,029.60
Welder C	12	1	6.745	14,029.60
Electrician App.	13	4	6.852	57,008.64
Machinist App.	13	1	6.852	14,252.16
Painter A	13	6	6.852	85,512.96
Electrician C	14	1	6.959	14,474.72
Instrument Repairman C	14	1	6.959	14,474.72
Maintenance Mechanic B	14	3	6.959	43,424.16
Maintenance Mechanic C	14	1	6.959	14,474.72
Welder B	14	3	6.959	43,424.16
Carpenter A	15	5	7.066	73,486.40
Pipefitter A	15	9	7.066	132,275.52
Auto Mechanic A	16	11	7.173	164,118.24
Machinist A	16	1	7.173	14,919.84
Maintenance Mechanic A	16	151	7.173	238,717.44
Welder A	16	49	7.173	731,072.16
Bricklayer A	17	1	7.280	15,142.40
Painter A	17	1	7.280	15,142.40
Electrician A	18	37	7.387	568,503.52
Electronic Repairman B	18	1	7.387	15,364.96
Machinist A	18	20	7.387	307,299.20
Electronic Repairman A	20	19	7.601	300,391.52

TOTAL

377

\$3,543,388.16



Reserve Mining Company Trade or Craft Jobs 1

- Babbitt Division -

Job Title	Job Class	Number of Employees	Hourly Pay Rate <sup>2</sup>	Annual Payroll <sup>3</sup>
Diesel Locomotive Mechanic App.	5	1	\$5.996	12,471.68
Maintenance Mechanic App.	5	5	5.996	62,358.40
Auto Mechanic App.	6	1	6.103	12,694.24
Electrician App.	6	2	6.103	25,388.48
Maintenance Mechanic App.	6	1	6.103	12,694.24
Auto Mechanic App.	7	3	6.210	38,750.40
Electrician App.	7	2	6.210	25,833.60
Machinist App.	7	1	6.210	12,916.80
Maintenance Mechanic App.	7	4	6.210	51,667.20
Welder App.	7	1	6.210	12,916.80
Auto Mechanic App.	8	3	6.317	39,418.08
Diesel Locomotive Mech. App.	8	1	6.317	13,139.36
Electrician App.	8	2	6.317	26,278.72
Maintenance Mechanic App.	8	3	6.317	39,418.08
Welder App.	8	2	6.317	26,278.72
Auto Mechanic App.	9	5	6.424	66,809.60
Diesel Locomotive Mech. App.	9	1	6.424	13,361.92
Electrician App.	9	2	6.424	26,723.84
Maintenance Mechanic App.	9	4	6.424	53,447.68
Welder App.	9	2	6.424	26,723.84
Auto Mechanic App.	10	7	6.531	95,091.36
Electrician App.	10	3	6.531	40,753.44
Maintenance Mechanic App.	10	4	6.531	54,337.92
Welder App.	10	5	6.531	67,922.40
Auto Mechanic App.	11	2	6.638	27,614.08
Electrician App.	11	1	6.638	13,807.04
Pipefitter C	11	1	6.638	13,807.04
Welder App.	11	3	6.638	41,421.12
Electrician App.	12	1	6.745	28,059.20
Maintenance Mechanic App.	12	1	6.745	14,029.60
Welder C	12	1	6.745	14,029.60
Electrician App.	13	2	6.852	28,504.32
Painter A	13	5	6.852	71,260.80
Auto Mechanic B	14	1	6.959	14,474.72
Electrician C	14	1	6.959	14,474.72
Machinist C	14	2	6.959	28,949.44
Welder B	14	2	6.959	28,949.44
Carpenter A	15	4	7.066	58,789.12
Pipefitter A	15	8	7.066	117,578.24
Airman A	16	3	7.173	44,759.52
Auto Mechanic A	16	142	7.173	2,118,617.20
Diesel Locomotive Mechanic A	16	14	7.173	208,877.76
Electrician B	16	2	7.173	29,839.68
Electronic Repairman B	16	1	7.173	14,919.84
Machinist B	16	1	7.173	14,919.84
Maintenance Mechanic A	16	87	7.173	1,298,026.00
Welder A	16	67	7.173	999,629.28

Job Title	Job Class	Number of Employees	Hourly Pay Rate <sup>2</sup>	Annual Payroll <sup>3</sup>
Blacksmith A	17	4	\$7.280	\$ 60,569.60
Boilermaker A	17	6	7.280	90,854.40
Electrician A	18	32	7.387	491,678.72
Electronic Repairman B	18	1	7.387	353,394.08
Machinist A	18	23	7.387	353,394.08
Electronic Repairman A	20	4	7.601	63,240.32
	TOTAL	488		\$7,177,836.48



Source: "Job Descriptions and Classification For All Hourly-Rated Production and Maintenance Jobs". Reserve Mining Company; August 9, 1974

"Agreement Between Reserve Mining Company and United Steelworkers of America", August 9, 1974

- (1) Based on listing of Trade or Craft Jobs found in "Job Descriptions and Classifications - For All Hourly-Rated Production and Maintenance Jobs", pp. 34.
- (2) Hourly Pay Rate is based on Standard Hourly Wage Scale as of 8/1/76 plus a \$1.05 cost of living increase "rolled" into the wage scale to provide present pay rate.
- (3) Annual Payroll is based on a standard 40 hour week with 52 working weeks in a year. This does not show overtime pay.

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February 25, 1977

Mr. Tom Nutting  
Arrowhead Regional Development Commission  
200 Arrowhead Place  
Duluth, MN 55802

Dear Mr. Nutting:

You have requested advice regarding the following matter:

QUESTION

Does the Supplemental Unemployment Benefit Plan, effective August 1, 1974, pursuant to an agreement between Reserve Mining Company and the United Steel Workers of America, go into effect in the event the company is forced to close either by a court order or due to a lack of proper operating permits from the state.

DISCUSSION

Section 3.8 of the SUB agreement governs this particular question. As applicable to the present facts, that Section provides as follows:

\* \* \*

- 3.8 b           An employee may not receive a Weekly Benefit for any week when his layoff was the result of:
- (2). Government regulations or controls over amount or kind of material or product which the Company may use or sell, except that this provision shall not disqualify an employee from receiving a Weekly Benefit until after the first two weeks (the first three weeks, if the first such week is a waiting week under the state system) of a layoff resulting from such government regulations or controls relating to pollution or the use of energy or fuel,

\* \* \*

This Section is susceptible to several different interpretations.

Interpretation 1: An employee is ineligible when his layoff is the result of governmental regulations or controls over amount or kind of material or product which the company may use or sell. Such ineligibility is effective immediately. In addition, in the event that the government regulations or controls relate to pollution or the use of energy or fuel, then the employee is eligible for two weeks. However, after two weeks have elapsed he is ineligible.

February 25, 1977

Interpretation 2: An employee is ineligible when his layoff is the result of government regulations or controls over amount or kind of material or product which the company may use or sell. Such government regulations and controls may include those relating to pollution or the use of energy or fuel. Under this interpretation, an employee would be ineligible any time after two weeks.

Under either interpretation, the key issue to be resolved would be whether the closing of the company pursuant to a court order constitutes a government regulation or control relating to pollution or the use of energy or fuel. A second issue would be whether the lack of a proper operating permit from the state constitutes a layoff resulting from governmental regulations or controls relating to pollution.


I know that you are highly familiar with the opinions rendered in the Reserve Mining litigation. You have only to review the case of U. S. v. Reserve Mining, filed on July 7, 1976, to recognize that the cause of the impending Reserve Mining shutdown is seriously disputed by both parties. What is a "governmental regulation and control" to one party is an "unconscionable delay and arbitrary and capricious act" to the other party. In addition, there is the issue of whether the shutdown of Reserve would be a result of imposition of government regulations and controls, or whether it would be the result of intentional company violation of applicable state and federal air and water quality standards. Should Reserve wish to take a hard line on these issues as they affect SUB plan eligibility, therefore, I can only comment that differences of opinion are the ingredients to good horse races and good lawsuits. Should the matter be tried, the matter will be resolved by contractual principles of law as determined by the intent which the court feels was had by the parties to the SUB agreement. Thus, no authoritative case law can be found which would be sufficient to clarify the issues and resolve the matter in advance as a matter of law.

Lastly, it should be noted that the costs of financing the SUB plan contributions have already been taken as a business expense by the company and the assets are held under a trusteeship. Consequently, at this stage I would assume that there would be no economic reason for them to contest their responsibility to make payment pursuant to the provisions of the plan.

Please contact me should you have any questions.

Very truly yours,

HARPER, EATON, GUSTAFSON & PETERSON, LTD.

  
Wayne E. Gilbert

AGES OF RESERVE MINING COMPANY EMPLOYEES

Age	Total Employees	Total Salaried	Total Hourly	Total Silver Bay Division	Total Babbitt Division
29 & Under	600 (20.9%)	57	543	353	247
30 - 39	588 (20.5%)	120	468	282	306
40 - 49	856 (29.8%)	215	641	378	478
50 - 59	614 (21.4%)	203	411	250	364
60 & Over	212 ( 7.3%)	51	161	65	147
Total	2870	646	2224	1328	1542



ECONOMIC DEVELOPMENT IN THE IMPACT AREA

There are many barriers to, and yet potential for, providing new jobs on the North Shore and in the Babbitt-Ely area. Since it was created, ARDC has sought ways of bringing new industry to Northern Minnesota. The problems facing economic development in Northern Minnesota are intensified on the North Shore.

The economic impact of a closure of Reserve Mining Company would be minimized with the substitution of new, substantial employers; but it is unlikely that new industry will make a significant re-employment contribution in the foreseeable future. ARDC is conferring with the consulting firm of Booz, Allen and Hamilton, which brings much expertise to the problems experienced on the North Shore. All reasonable means of bringing jobs to the impact area are being explored. The potential for new jobs in the area will play a major role in determining the viability of Silver Bay and other area communities.

Several factors combine to offer an attractive package to potential new employers. A steady workforce is readily available that is experienced in heavy industrial occupations. Over 1200 members of this workforce will be under the age of 40. Railroad and shipping facilities are also available, although the railroad facilities would require updating for most new uses. The power plant near Silver Bay would provide the energy for economic development.

Barriers to economic development in the impacted area are considerable and call into question the continued viability of North Shore communities.

Any new industrial firm seeking to locate near Silver Bay will be faced with numerous environmental challenges. The available workforce is a heavy industry workforce, and new heavy industry would draw the greatest fire as an environmental hazard. The history of the Reserve case itself would likely dissuade most industrial employers from considering the area. But there are more barriers.

Light industry and piece-work employment is a possibility. However, only a small portion of the workforce could be consumed by this type of employer and the

light industries are more often successful as the second employer in a family. The workforce skilled in heavy industry is not easily adaptable to lighter work and salary ranges vary greatly from those in heavy industry.

The relative isolation of the impacted area also presents barriers to new employment. Potential employers will carefully view the transportation problems and the long distances to many markets.

Because of the desire to protect Lake Superior and its shoreline, these barriers are more acute in the Silver Bay area than in the Babbitt-Ely area. Babbitt-Ely would be saved from most impacts of a Reserve closure if the Peter Mitchell mine could continue to operate either with a new leasing company or with Reserve operating the mine with output sent to other area processors.

Environmental challenges, however, have already been raised to the operation of the Peter Mitchell mine as the source of the ore containing asbestos form particles. Thus it is less likely a new lessor could be found to operate the mine before resolution of these environmental challenges. The State of Minnesota might consider incentives for an operator to keep the mine open, thereby solving a significant portion of the impact of a Reserve closure.

New jobs in the expanding Iron Range taconite industry may relieve only some of the pressure of a Reserve closure. This is explored in detail in the Job Placement Section below.

ARDC will continue to develop an approach to attract new industry to the impacted area. Any economic development is a long-term answer to a Reserve closure. Other sections of this document are concerned with the more immediate problems which will face Northeastern Minnesota residents if Reserve closes. The response to the immediate needs will have great affect as well on attracting new industry to the area. With significant governmental assistance, responses to the immediate needs can encourage families to stay in their homes or could make it affordable for

area residents to seek employment elsewhere, or families could become stranded in present communities as victims of yet another boom and bust cycle.

## Job Placement

In the event of closure of the Reserve plant and mine operation, there will be a large number of employees out of work. The extent to which these employees will be able to find comparable or other jobs will depend upon a number of factors. These factors include:

### 1. Employee Characteristics Such as Age, Health and Skills


- a. Age - Employee age levels will have a definite effect on their ability to obtain a new job. In general, the younger employees will have less difficulty convincing prospective employers to hire them because they present a lesser health risk, a lower potential pension cost, have a longer potential work life and probably will be willing and able to start at lower wage levels.. The age levels of Reserve employees are reported on Table 1 and 2. Table 1 shows hourly employees and Table 2 salaried personnel. As shown on these Tables, over 72% of salaried and 54% of hourly employees would be over 40 by July 7, 1977.
- b. Health - There is no reliable data available on the specific health of Reserve employees. However, it is likely that prospective new employers will require physical examinations of all applicants for employment. It is possible that other taconite companies may have rather strict health requirements due to the strenuous nature of many of the jobs. These reemployment requirements could present a significant barrier for older employees and persons with some health or disability problem.
- c. Skills - Reserve employees have training and skills that would include, laborers, machine operators, craftsmen, administrative and executive. There should be some transferability of skills to other similar job classifications in other taconite or mining operations. One of the more serious barriers to such transferability is the seniority rules within the industry. A Reserve employee would be at the bottom of the seniority list if hired in a new taconite plant. This would mean very little job security in the event of any layoff. Furthermore, except for craftsmen, it would also mean starting at the lower pay levels. Craftsmen would start at their normal pay levels but would still be


subject to early layoff due to low seniority.

2. Other Barriers to Placement

- a. Commuting distance and difficulty. Those employees in Babbitt and Ely would have a fairly acceptable commute to other taconite and mining facilities on the range. As shown on the accompanying figure, distances are at least acceptable if not particularly comfortable. However, those employees residing in Silver Bay and Two Harbors would have a difficult, if not unacceptable, daily commute to the range taconite plants. The only good year-round roads are not direct and the indirect routes would require 110 miles or more driving distances. Commuting distance to Duluth is not excessive, however, qualified job opportunities may be limited for most Reserve employees.
- b. Relocation costs. The alternative to commuting would be a physical relocation of residence. There are many problems associated with this solution including cost, disposal of one's current home and dislocation of family.

It would appear clear that placement in new employment elsewhere will not be a possible or acceptable solution for many of those Reserve employees who will be out of work as a result of the closure. However, there are some safeguards which can be afforded to those who select this solution as the best available. These include:

- 
1. Strict enforcement of job discrimination laws so that older workers are not denied employment due to age or minor physical ailments.
  2. A program of priority hiring to encourage taconite companies to hire displaced Reserve workers in existing and new taconite plants. Consideration could be given to providing tax credits or other incentives to hire displaced Reserve workers.
  3. Assistance in job placements and coordination of job availability with employee skills to be marketed.
  4. Financial assistance in the form of protection of home equity or subsidy of moving expenses for those persons who are willing and able to relocate to new jobs.

- 
5. Upgrading of employee skills to enable them to enter the work force within normal commuting distances such as the Duluth employment market.
  6. Providing assistance to those persons wishing to commute to available jobs by promoting some form of public transportation and in the longer term, by upgrading the roads between the impact areas and the employment centers.
  7. Attempt to develop a plan to permit transferability of pension rights so that relocating workers will not lose substantial benefits. This could involve public support for the increased cost to the new employer which would result from the transfer of pension rights.
  8. Establishment of well-staffed employment offices in the impact areas plus the hiring of field representatives to actively seek job opportunities for displaced workers within the mining industry in Minnesota or elsewhere.

The problems of new job placement are complex and interwoven with other issues but all governmental assistance possible should be made available to those persons wishing to relocate or commute to suitable alternative employment.

Table 1

Reserve Mining Company  
Hourly Employees by Age  
As of 7/07/77

<u>Age</u>	<u>Silver Bay Division</u>	<u>Babbitt Division</u>	<u>Total</u>	<u>Percent of Total</u>
29 & Under	308	235	543	24.4%
30-39	207	261	468	21.0%
40-49	270	371	641	28.8%
50-59	140	271	411	18.5%
60 & Over	39	122	161	7.3%
Total	964	1260	2224	100.0%

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Source: Reserve Mining Company; Graven & Associates.

Table 2

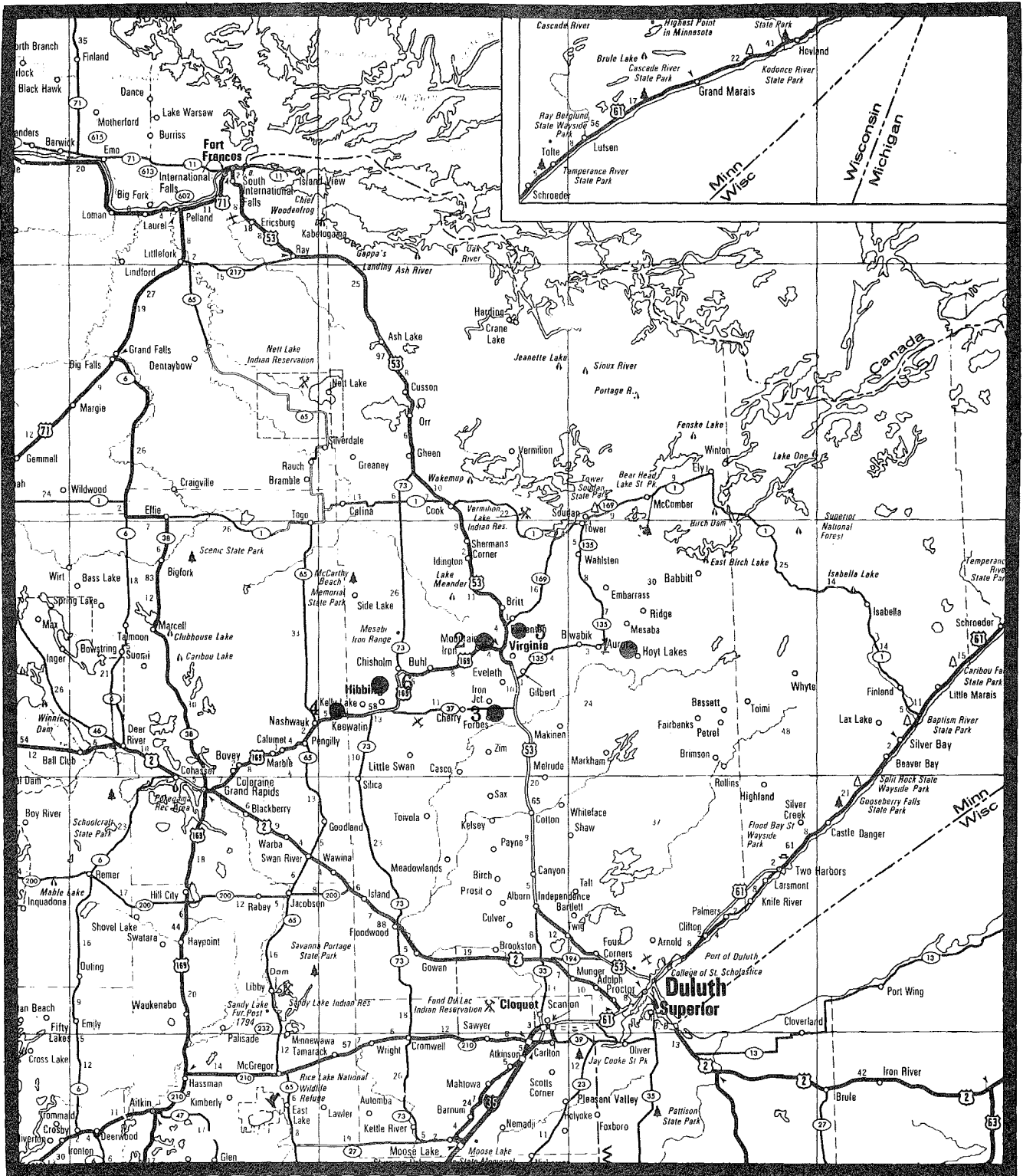
Reserve Mining Company  
Salaried Employees by Age  
As of 7/07/77

<u>Age</u>	<u>Silver Bay Division</u>	<u>Babbitt Division</u>	<u>Total</u>	<u>Percent of Total</u>
29 & Under	45	12	57	8.8%
30-39	75	45	120	18.6%
40-49	108	107	215	33.3%
50-59	110	93	203	31.4%
60 & Over	26	25	51	7.9%
Total	364	282	646	100.0%

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Source: Reserve Mining Company; Graven & Associates.



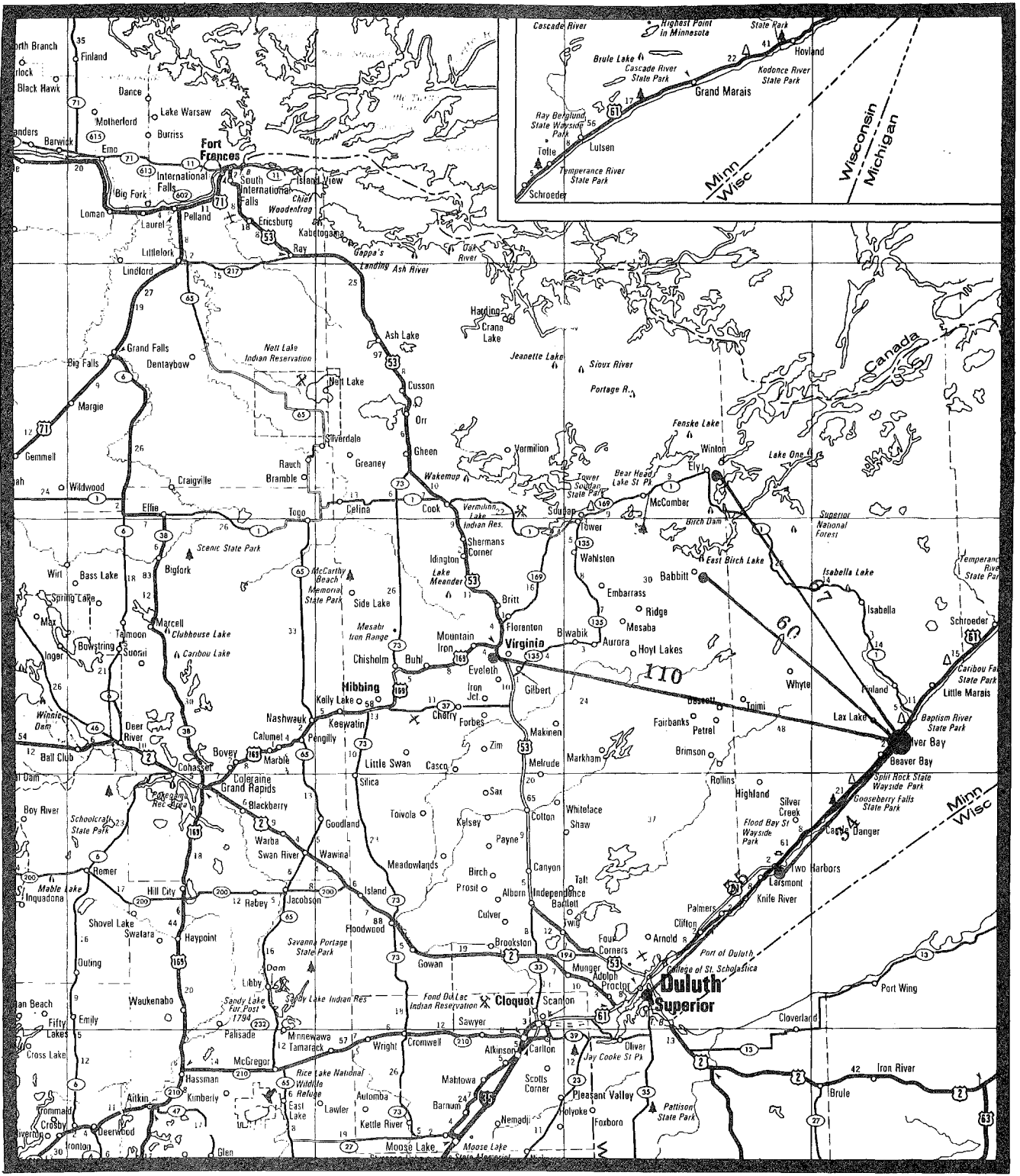


1" : 23 MILES

## FIGURE Taconite Employment Range Cities

- 1 ERIE MINING 2,900
- 2 MINNTAC 3,545
- 3 EVELETH TACONITE 880
- 4 BUTLER TACONITE, NATIONAL STEEL 1,829
- 5 INLAND STEEL 450
- 6 HIBBING TACONITE 1,050

SOURCE: ARROWHEAD REGIONAL DEVELOPMENT COMMISSION, GRAVEN AND ASSOC.



1" : 23 MILES

FIGURE  
Silver Bay and its Regional Setting

DISTANCES SHOWN IN ROAD MILES

SOURCE: GRAVEN AND ASSOC.

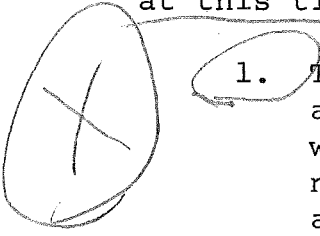
## Housing

This memorandum will consider the impact of the possible closing of Reserve Mining Company on housing values in the impacted areas. One of the important concerns of both Reserve workers and other residents of the impact areas is the possible loss of equity in their homes. A home is the largest investment made by most people. Large decreases in the market value results in substantial financial hardship particularly to those persons who must relocate to obtain employment.

This review of the impact of a possible Reserve closing on housing values. Reserve workers and other area residents will include the following steps:

1. Delineation of the areas within which housing values would be significantly affected by a possible closing of Reserve.
2. An analysis of the characteristics of the housing in the impact areas including type of occupancy, age of structures and housing values.
3. A review of the current housing market in the impacted areas.
4. Estimates of the impact of a possible Reserve closing on housing values in each area.
5. Review of alternative methods of protecting homeowners equity or of supporting housing values.

This review is preliminary in nature and may be revised based on more complete data. In particular, the estimates and projections of future values will be greatly affected by future events which by their very nature cannot be accurately forecast at this time. These include:

- 
1. The potential of creating new jobs in or near the impact area. The number of jobs, when they become available, wage rates, and skills required will all affect the number of present residents likely to remain in the areas and the number of new residents which would be attracted to the communities.

2. The availability of suitable jobs within commuting distance of the impact areas. The availability of suitable housing at a reasonable cost near such jobs would affect the decision of whether to move or commute.

3. The amount of available financial assistance including pension benefits, duration of unemployment benefits, amount of relocation assistance or other potential assistance will also affect the number of families seeking to move from the impacted areas.

The extent of the impact will vary depending upon these factors which will not be the same for each area.

A. Delineation of Impact Areas.

The delineation of impact areas is based upon the residences of the Reserve workers who would lose their jobs if Reserve closed. The place of residence of present Reserve employees is shown on Housing Table 1. As indicated, there are four areas which would be most greatly affected by a possible Reserve closure. The number of present workers by impact area are summarized as follows:

	<u>Number of Reserve Employees</u>
Silver Bay Area	1,015
Babbit Area	790
Ely Area	548
Two Harbors Area	289

These are the four areas which will be most greatly impacted. As also indicated on Housing Table 1, there are 141 Reserve employees living in various other iron range communities and 54 in Duluth. In view of the population and economy of these areas, however, the loss of those number of jobs would not have an appreciable impact on housing values.

The extent of the dependence of each of those areas on Reserve employment is somewhat indicated by the population trends shown on Housing Table 2. As indicated, each area experienced growth in population between 1950 and 1960 when the Reserve plant and mine were opened. The largest increase was in the Silver Bay area which increased 4,993 in population from 841 in 1950 to 5,834 in 1960. Much of the increase occurred in the newly created City of Silver Bay which in 1960 had a population of 3,723.

The second largest increase was in the Babbitt area which increased 2,933 from 1,005 in 1950 to 3,938 in 1960. Much of that increase was in the newly created City of Babbitt which increased 2,470 from 117 in 1950 to 2,587. The Two Harbors area increased 534 and the Ely area 421. This indicates that the economies of these two areas are less dependent upon Reserve employment than the Silver Bay or Babbitt areas.

Each of the areas except Babbitt experienced a decrease in population between 1960 and 1973. These are similar to the decreases experienced by most communities in Minnesota which did not have an expanding employment base. These decreases were primarily a result of decreasing family size. The Babbitt area, however, increased by over 500 persons indicating an increase in employment in or within commuting distance of the area.

The number of Reserve workers in each of the impact areas compared to the number of homes in each area is shown on Housing Table 3. The comparison is not exact since the City and Township boundaries used to determine the number of homes do not coincide with the zipcode areas used to determine the residence of workers. As indicated, however, the number of Reserve workers per housing unit is much higher in the Silver Bay and Babbitt areas than in the Ely or Two Harbor areas. The high number of Reserve workers in the Silver Bay and Babbitt areas per household indicate the great impact the possible closing of Reserve would have on those communities and surrounding area. The number of Reserve workers per household in the Ely and Two Harbors areas, although substantially lower than for Silver Bay or Babbitt, indicate that the closing of Reserve could have a significant impact on housing values in those communities.

The employment in 1970 by industry in the four communities as shown on Housing Table 4, also indicates the extent of the potential impact. It should be noted that this data relates

only to the communities and therefore is not comparable to the Reserve worker data which is by zipcode area and thus includes a larger area. As indicated in 1970, over 60% of employed residents of Silver Bay and Babbitt worked for the mining industry. This compares to 34% in Ely and 11% in Two Harbors. It is estimated that most of the mining industry employees in Babbitt, Silver Bay and Two Harbors work for Reserve, but that a higher percentage of the Ely workers may work for other mining companies.

In summary, the direct economic impact of a possible closure of Reserve Mining would be the greatest in Silver Bay and Babbitt. There would be less but still substantial impact on Ely and Two Harbors.

#### B. Characteristics of Housing in the Impact Areas.

This subsection will consider the characteristics of housing in the four impact areas. Some of the data is available only for the four communities and not their surrounding areas. The first five tables relating to housing characteristics are based on 1970 census data. In utilizing such data it must be realized that it is based on the individual reports of many persons and thus subject to reporting errors. In addition, data such as housing values are based on the subjective judgment of those reporting and often do not reflect actual market values.

Housing by occupancy is shown on Housing Table 5. As indicated, a high percentage of the occupied units in Silver Bay and Babbitt are owner occupied. A lower percentage of the homes in Ely and Two Harbors are owner occupied as could be expected in these older communities with a greater number of multi-family units. The rural areas surrounding each community consist almost entirely of single family units and it is estimated that over 90% of those units are owner occupied. This indicates that the major impact of a Reserve closure would be on homeowners rather than owners of rental property.

Housing by type of structure is shown on Housing Table 6. As indicated 95% or more of the units in Silver Bay and Babbitt are single family homes. The percentages in Ely and Two Harbors are 77% and 72% respectively.

The age of housing structures in the four impact areas are shown on Housing Table 7.

The percentages of the housing units in each of the areas built between 1950 and 1960 when Reserve began operations is as follows:

	<u>No. of Units 1970</u>	<u>No. Built 1950-1960</u>	<u>Percent Built 1950-1960</u>
Silver Bay Area	1,593	1,001	62.8%
Babbitt Area	1,360	623	45.8%
Two Harbors Area	428	2,745	15.6%
Ely Area	325	2,330	13.3%

~~As indicated, most of the homes in the Silver Bay and Babbitt areas have been built within the past 20 years. In the Ely and Two Harbors areas, however, over 60% of the housing stock was constructed prior to 1939.~~

Residential building permits issued since 1964 in the four communities are reported on Table 8. As shown there, the greatest number of units were permitted in Ely and Two Harbors during this period. Babbitt also had 80 units permitted since 1964, while Silver Bay had only 30. However, if the elderly public housing units were subtracted from Ely and Two Harbors totals, the level of new residential construction is more comparable with the other two communities.

The distribution of value of owner occupied homes a reported in the 1970 census is shown on Housing Table 9. As indicated, a majority of the homes in Silver Bay and Babbitt were reported to be in the \$10,000-\$15,000 value range with few homes in the lowest or highest ranges. The distribution of values is wider in Two Harbors and Ely.

The median reported values for Silver Bay and Babbitt are higher than for Two Harbors and Ely. This is probably not reflective of the comparative values of homes owned by Reserve workers in the respective communities for the following reasons:

1. The wages paid to hourly Reserve workers and most salaried workers are higher than for much of the other employment available in those areas and those most could afford higher than average value homes.
2. A much higher percentage of the population in Ely and Two Harbors are over 65 and a fairly high percentage of lower valued homes in most communities are owned by senior citizens.
3. The housing values reported in the census particularly for older homes are generally lower than actual market values. Thus the reported values in Ely and Two Harbors are likely to be farther under market value than in Silver Bay or Two Harbors.

Current housing values will be discussed in more detail in the next subsection relating to housing markets.

As indicated, in the previous Tables, the housing in Ely and Two Harbors is similiar to many other long established communities in Minnesota. A large proportion of the housing stock is older, having been built prior to 1939, and most of it was built or added on to by individuals. This results in a wide diversity of types, condition, and value of housing. Most of the housing in Silver Bay and the townsite of Babbitt, however, was built by the John W. Galbreath Co. under contract with Reserve Mining to house Reserve workers.<sup>1</sup>

During the period 1953-1957, the Galbreath Co. built 694 homes in Silver Bay of which 250 were built on slabs and 480 in Babbitt. These homes were sold at cost, plus \$200 for processing

1. The City of Babbitt includes what was formerly a township including both the townsite developed by Reserve and the surrounding rural areas with scattered home sites.



to Reserve workers. With exception of the slab homes and some two bedroom homes, which sold for under \$10,000, most of the homes were in the \$10,000 to \$13,000 price range. Over 100 of the homes in Babbitt and a number in Silver Bay were intended for executives and were larger and more expansive.

During the expansion of the Reserve plant and mine during the early 1960's an additional 140 homes were built. Some lots have been made available in both townsites for individually built homes, but the Galbreath Co. estimates less than 30 such homes were built in each townsite.

The homes were originally sold at cost plus a \$200 processing fee to Reserve workers. Reserve provided the mortgage financing via purchase money mortgages which Reserve assigned to the Chemical Corn Bank of New York City as partial security for corporate bonds. The original deeds had a 10 year right of first refusal to permit Reserve to repurchase the homes for other Reserve workers and a majority of the subsequent home sales of the Reserve housing have been to Galbreath who in turn resold at cost to other Reserve workers.

(+) { Reserve officials estimate that they presently hold the mortgages on all but about 60-100 of the homes they built. Many of the 30 year mortgages, however, are over 20 years old and the principal amounts have been substantially reduced from the original amounts. Reserve officials estimate that the outstanding mortgage balances total about \$8.5 million which results in an average balance of about \$7,000.

Reserve made no mortgages outside the two townsites so that the homes of the other Reserve workers are financed in conventional ways primarily by Savings and Loan Associations in Northeast Minnesota and local banks.

The Reserve homes built in Babbitt are a little bigger averaging over 1,000 square feet compared to about 900 square feet in Silver Bay. The quality of construction of the Babbitt homes according to the Galbreath Co. was also somewhat better resulting in higher average prices for the Babbitt homes. This is reflected in the median values reported in the 1970 census. Most of the homes were built with three bedrooms although some two bedroom and four bedroom homes were built. There have been additions to some of the homes in both Babbitt and Silver Bay.

In summary the housing in both Babbitt and Silver Bay is

very similiar in age, value, size, and method of financing. There is, however, great diversity of housing in the remainder of the impact areas.

### C. Present Housing Market Conditions

There have been relatively few sales of homes and little new construction in the impact areas during the last three years. Realtors contacted all indicated that uncertainty as to Reserve's future has discouraged many potential buyers from investing in new or larger homes. Additionally, potential new residents of the communities are reluctant to invest in a home since they are worried about possible resale. These factors appear to affect primarily "in-town" homes and the realtors report less effect on sales of homes on Lake Superior or the other lakes in the impact areas.

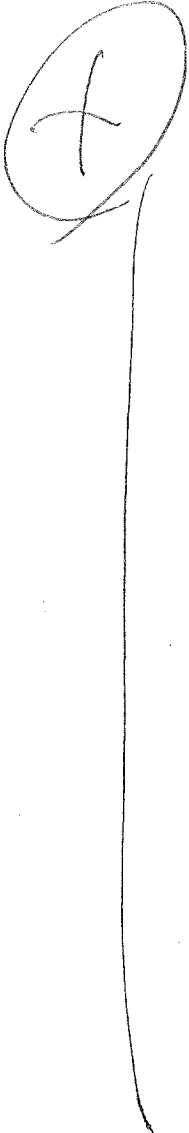
Although based on few sales, the market price for the basic homes in the Silver Bay and Babbitt townsites has been in the \$18,000-\$20,000 range, although Galbreath has been repurchasing some homes at a somewhat lower price. The larger homes and those with additions have been selling for a higher price although normally under \$30,000. Galbreath reports that there are presently no vacant homes in either the Babbitt or Silver Bay townsites.

The realtors report a much wider range of selling prices outside the townsites and in the other two impact areas. Although most realtors reported some sales of substantially higher price, they indicated that most sales in each area have been in the \$25,000-\$35,000 price range. They indicated that the prices for similiar homes have been increasing somewhat during the past three years. The 4% annual rate of increase reported by two realtors, however, would be slower than inflation or the rate of increases in many other Minnesota communities.

In summary, the uncertainty regarding Reserve has apparently limited the volume of house sales in all four impact areas. Although this has slowed the rate of increase in value of homes, the selling prices are presently only a little lower than could be anticipated for similiar homes in other cities of comparable size.

#### D. Effect of a Possible Reserve Closing on Market Values

The effect of a possible Reserve closing on housing market values in the four impact areas would be dependent upon a number of factors. Most of these factors relate to the need or desire of the present residents to relocate in other communities. These factors include:

- 
1. The likelihood that the Reserve plant and mine would be reopened within a reasonable time. This involves a largely subjective judgment, made by the individual homeowners at the time they are making a decision regarding possible relocation, as to whether the plant and mine would be reopened either by Reserve or by some other mining company or group. Because of seniority rights, pension benefits, and wage rates, many current Reserve workers are likely to remain in the area and seek only temporary jobs if there is a reasonable likelihood that a reopening may occur within two or three years.
  2. The number of Reserve jobs which would continue after closure and their likely duration. It is assumed that the Power Plant could remain in operation and that Reserve would need maintenance or dismantling crews and some office staff even after closure and shipment of the previously produced taconite. Although Reserve apparently has not made any decisions regarding the facilities in event of a closure, the most optimistic estimates is that not more than 350 jobs would be available, for up to two years, if the plant were permanently closed. Greater employment, including construction employment, would be likely in event of a temporary closure pending solution of environmental questions.
  3. The likelihood that new jobs could be created in the area. If Reserve closes, a major effort will be made to attract new jobs to the impact area. The perceived success of these efforts, including likely number and type of new jobs, particularly within six or eight months after a possible closure, will affect the decision of many residents regarding whether to relocate.
  4. The availability of new jobs within commuting distance of the impact areas. The type of jobs and wage rates available within commuting distance, compared to available jobs which would require relocation, will have a

great affect on relocation decisions. At the present time over 141 Reserve workers are commuting from various iron range communities to the mine at Babbitt. New mine and taconite processing jobs are becoming available at various locations on the iron range. It is assumed that many of the Reserve workers from the Ely and Babbitt areas obtaining those jobs will decide to commute rather than relocate. The number likely to obtain such jobs is dependent upon age, health, skills required, priority hiring programs and actions to reduce barriers or provide incentives to hiring former Reserve employees. It is anticipated that there would be less commuting from the Silver Bay area. The distance and condition of the roads on the most direct routes to the range make this a difficult daily trip from Silver Bay to taconite plant employment. Although Duluth is a more feasible commute for Silver Bay residents, job availability fitting Reserve workers skills in Duluth decrease the feasibility of comparable jobs in that city.

5. The ability of the impact area's to attract new residents. The market support for housing will also be affected by the attractiveness of the homes to persons living outside the area. Particularly as housing prices decrease, the comparable cost-benefit ratio will increase for persons outside the areas seeking housing. In particular, the current housing shortages on the iron range could result in increased demand for houses in the Babbitt and Ely areas, particularly if the cost savings on the purchase price of a home in those areas are sufficient to cover the increased costs of commuting. Two Harbors is also within easy commuting distance of Duluth employment centers and new residents may be attracted by bargain housing prices or by the desire to live in a smaller community. There should also be some continuing demand for homes in the impact area's along the shores of Lake Superior or the other lakes in the region and those in rustic settings. Such homes are attractive as second homes, retirement homes or as homes for persons employed on the iron range or in Duluth. It is, however, anticipated that there would be little outside demand for homes in the Silver Bay townsite. The distance to employment and the lack of an "in the woods" or "on the lake" environment is likely to make those

homes attractive to outsiders only if they can be purchased at bargain prices.

6. Availability of benefits. The need for persons in the impact area to relocate will depend upon benefits available to them if they don't relocate as well as the possible assistance available to them to help pay the costs of relocation. Many homeowners in the impact areas, particularly in the Silver Bay and Babbitt townsites have low mortgage payments and low taxes. This coupled with the availability of unemployment compensation, pension benefits and other aids available under current laws may make it financially feasible for present residents to remain in the impact area. This is particularly true if benefits are supplemented by temporary jobs outside the area.

The scope of the affect of these factors and there inter-relationship cannot be forecast exactly since both involve future economic conditions and subjective desires. However, based on the best current estimates of the affect of these factors on housing market values, projections can be made regarding the impact of a Reserve closure in each impact area.

Two Harbors Area It is estimated that housing values in the Two Harbors area would decrease no more than 10% if Reserve closes. Greater reductions of up to 20%, however, may be required if owners wishing to sell cannot leave their house on the market for up to 6 months or one year. It is estimated that the housing market would recover and stabilize within three to five years after closing. These estimates are based on the relatively low percentage (10%) of the work force employed by Reserve, its proximity to Duluth employment opportunities and possible new employment in Two Harbors.

Ely Area It is estimated that housing values in Ely will also decrease approximately 10% if Reserve closes, again with possible greater reductions if faster sales are required. The large non Reserve employment base, the likely availability of jobs within commuting distance and the housing shortage on the iron range will tend to lesson the impact. The commuting distance, however, is sufficiently long that unless new employment is found for the Ely area, the housing market could be depressed for five to ten years.

Babbitt Area It is estimated that housing values in the Babbitt area will decrease 10-25% if Reserve closes. Housing values in Embarrass and the rural portions of the Babbitt area will not be as strongly affected as those in the townsite of Babbitt. The impact on the values in the Babbitt townsite, moreover, could be less than 25% if substantial numbers of Reserve employees can obtain new employment on the iron range. These estimates are based on the commuting distance to projected new employment on the range and the shortage of housing near those employment centers. Housing values in Embarrass and the rural portions of the area should recover within three to five years with much slower recovery in the Babbitt townsite unless new employment is created in the Babbitt area.

Silver Bay Area It is estimated that housing values in the City of Silver Bay could decrease up to 50% if Reserve closes. However, the decrease is anticipated to be less than 10% on lake shore homes or others which would be attractive as second homes or retirement homes. Unless new employment is created in the Silver Bay area it is likely that the market for homes would be depressed for many years. These estimates are based on the lack of employment within easy commuting distance and the lack of other incentives for persons to locate in the Silver Bay townsite.

#### E. Alternative Methods for Protecting Homeowners "Equity"

The protection of homeowner's "equity" in the impact areas can be approached in two ways:

1. Actions designed to increase market demand and thus lessen the potential negative impact of a possible Reserve closure on the housing market.
2. Programs designed to enable homeowners to obtain all or a portion of their "equity" regardless of market price.

The first way primarily involves actions which would make living in the impact areas more desirable to both present residents and potential new residents. These actions which are being recommended in other portions of this report include:

1. Increasing the number of non-Reserve jobs available in or near the impact areas through economic development activities.
2. Replacement of local government tax revenues presently paid by Reserve Mining to avoid the need of sharply escalating real estate taxes to pay for necessary government services.
3. Assist the displaced workers in finding suitable employment within commuting distances of the impact areas.
4. Provide assistance to persons residing in the impact areas desiring to commute to available jobs by promoting some form of public transportation and in the longer term by upgrading the roads between the impact areas and the employment centers.

Each of these actions would tend to lessen the impact of a possible Reserve closure on housing values. However, even if these actions are all taken a closure of Reserve would have a substantial impact on housing values in each of the impact areas with the greatest impact in Silver Bay.

Another action which has been suggested to support having market values is the physical move of houses from areas of low demand to other locations, particularly on the iron range, where there is a need for more housing. This has been suggested

primarily in regard to housing in Silver Bay which would be most greatly affected by a closure of Reserve. This, however, would not be feasible both because of physical barriers such as bridges, underpasses and the narrow railroad right of way, and because of the economics of moving houses the required distances which would make it cheaper to build new houses at the locations where they are needed.

The second way to protect homeowners equity would be a program designed to enable a homeowner to obtain all or part of their equity regardless of market values. The advantages and disadvantages of three possible methods of achieving this goal are outlined below:

1. Sales Price Supplement

This approach would basically involve letting local market conditions determine the selling price of the homes of residents needing or desiring to sell their homes. The amount received by the homeowners, however, would be supplemented by public funds to enable the owners to obtain all or a portion of their "equity". The amount of the supplement could be based on a fair market price assuming normal market conditions and thus guarantee all or most of the homeowners present "equity". The supplement could also be set based on a percentage of normal market value or on market value for assessment purposes which would enable the homeowner desiring to relocate to obtain only a portion of this "equity". Limits could be set on the maximum amount of the supplement and they should be available only for the owners of the housing at the time of closure.

Advantages of this approach include:

- a. The amount of the supplement could be based on a percentage of normal market value or market value for assessment purposes. This would limit the adverse impact on those needing to relocate but would not be so attractive that it would unnecessarily encourage residents to abandon the impact areas.
- b. This approach would permit housing prices to be determined by market demand. This would prevent the creation of artificial market prices which would discourage potential new residents and in areas of



very low demand would permit prices to drop to prices low enough to attract new residents to these "housing bargains." This would greatly assist in meeting the goal of maintaining visible communities in the impact areas.

- c. This approach would be more easy to administer than the other two approaches and would avoid the necessity of the State or other public body getting into the problems of government ownership of homes.
- d. This approach would likely involve the least initial outlay of public funds and would involve the least administrative expense.

Disadvantages of this approach or problems which would be faced in administering it include:

- a. The difficulty of determining a "fair normal market price" in the absence of a normal market. This could be avoided by using market value for assessment purposes as the basis of the supplement.
- b. The problem of ensuring that the actual selling price is a result of an "arms length" transaction and not set artificially low simply to take advantage of the program. Maximum limits on the amount of the supplement would assist in preventing more flagrant potential abuses.
- c. This approach would provide no assistance to those residents remaining in the community.

## 2. Refinancing

This approach would permit present residents to refinance their homes at a percentage of "normal market value" or market value for assessment purposes. The interest rate could vary depending upon income and temporary income supplements such as unemployment compensation could be disregarded in computing income. The refinancing funds could come directly from public funds or from private sources with a public guarantee of principal and public payment of the interest subsidy.

The advantages of this approach would include:

- a. The refinancing of mortgages for a greater amount would provide an opportunity for residents desiring to remain in the area to obtain funds to live on

until new jobs are created in the area or they find a job elsewhere suited to their skills.

- b. Residents seeking to relocate could obtain necessary funds to relocate by refinancing and then if home didn't sell could permit foreclosure. This approach to relocation, however, could only be used if deficiency judgments would not be permitted against the mortgagees.
- c. The State Housing Finance Agency is presently in the business of financing homes with interest subsidies. Thus this approach could be handled by an experienced agency which would avoid many of the problems and mistakes which typify the implementation of new types of programs.

Disadvantages or problems which would be faced in the implementation of this approach include:

- a. This approach could involve the problem of determining a fair market value as basis of determining maximum mortgages. This could be avoided by using market value for assessment purposes.
- b. This approach would involve the problem of determining eligibility for the program, i.e., Reserve workers regardless of where they live; or all residents of impact areas; or Reserve workers within the impact area.
- c. This approach could involve large outlays of public funds initially if refinancing done with public funds. Future outlays could also be large under mortgage guarantee plan if a substantial number of persons refinanced and then relocated.
- d. The ability to mortgage a house at relatively high value would increase housing prices and tend to make the homes less attractive for persons from outside the area.
- e. Persons who relocate and default on their mortgage may have difficult times obtaining mortgage financing for new homes.
- f. The end result of this approach could be the ownership of a substantial number of homes by the public which

would involve maintenance problems and the problem of resale which if at a low price could keep normal market prices low for a long time.

### 3. Public Purchase of Homes

The third approach involves the public purchase of homes of those needing or desiring to relocate who are unable to obtain a "fair" price on the open market. This is the approach which generally has been advocated by the residents of the area. The price could be based on "fair normal market price" or market value for assessment purposes.


Advantages of this approach include:

- a. It would be most convenient for the residents needing or desiring to relocate since they could obtain this "equity" without the possibly long delays involved in finding a buyer as would be required in the first approach or the refinancing required in approach two.
- b. The use of this approach would not interfere with the ability of those relocating to obtain mortgage financing for a new home.

Disadvantages or possible problems involved in this approach include:

- a. Residents could obtain benefits only if they relocate so it could, unless purchase prices were set low, encourage people to abandon the community.
- b. The price established by the public agency would be an artificial price and would discourage new residents from moving to the area.
- c. The public would necessarily become home owners and would be faced with the problem of maintaining and disposing of them. The reselling at low values would destroy the normal market and force all those needing or desiring to relocate to sell to the public. This approach would involve the greatest administrative and operating costs.
- d. This approach would involve large amounts of public funds only portions of which could be recouped in subsequent resales.

- e. This approach would involve the problem of eligibility for the program whether limited to Reserve workers. Reserve workers who have found jobs more than 50 miles away, all residents of areas determined to be "impact areas" or other criteria. Narrow eligibility criteria would exclude many who would need benefits and broad criteria could result in great public expanse.



As indicated in the above discussion, there are a great many alternative options in regard to each of the approaches. The major options would involve determining the portion of the "equity" which would be guaranteed and who would be eligible for the benefits. Each of the approaches has a number of advantages over the other approaches but has corresponding disadvantages. The first approach would be the most desirable if the primary goal of the program is to preserve the communities but yet cushion the impact on those forced to relocate. The second approach is preferable if the primary goal is to provide assistance to those remaining in communities but could assist those needing to relocate. The third approach is preferable if the primary goal is to assist in the relocation of Reserve workers or residents of impacted communities who need or desire to relocate.

Table 1  
Residence of Reserve Workers

2/22/77

<u>Zipcode Areas</u> <sup>1</sup>	<u>No. of Hourly Employees</u>	<u>No. of Salaried Employed</u>	<u>Total Employees</u>	<u>% of Total</u>
<u>Silver Bay Area</u>				
Silver Bay	538	296	834	29%
Beaver Bay	62	10	72	3%
Finland	66	6	72	3%
Little Marais	<u>25</u>	<u>12</u>	<u>37</u>	<u>1%</u> <sup>2</sup>
Total	691	324	1,015	35% X
<u>Two Harbors Area</u>				
Two Harbors	251	38	289	10% +
<u>Babbit Area</u>				
Babbit	495	157	652	23%
Embarrass	<u>131</u>	<u>7</u>	<u>138</u>	<u>5%</u>
Total	626	164	790	28% +
<u>Ely Area</u>				
Ely	437	86	523	18%
Winton	<u>25</u>	<u>0</u>	<u>25</u>	<u>*</u>
Total	462	86	548	19% +
<u>Iron Range Communities</u>				
Virginia	14	6	20	*
Eveleth	8	2	10	*
Tower	26	4	30	*
Saudan	24	2	26	*
Aurora	13	2	15	*
Other	<u>35</u>	<u>5</u>	<u>40</u>	<u>1%</u>
Total	120	21	141	5%
<u>Duluth</u>	44	10	54	2%
<u>Others</u>	30	3	33	1%
TOTAL	<u>2,224</u>	<u>646</u>	<u>2,870</u>	<u>100%</u>

1. Zipcode area includes more than municipal boundary.

2. Totals do not add due to rounding.

\* less than 1%.

Source: Reserve Mining Company; Graven & Associates.

Table 2

Population Trends  
1950-1973

	1950	1960	1970	1973	<u>Increase</u>	
					1950-1960	1960-1973
<b>Silver Bay Area</b>						
Silver Bay	0	3723	3504	3431	3723	-292
Beaver Bay <sup>2</sup>	0	287	362	371	287	84
Beaver Bay Twp.	580	942	905	931	362	11
Crystal Bay Twp.	<u>261</u>	<u>882</u>	<u>824</u>	<u>846</u>	<u>621</u>	<u>-36</u>
Total	841	5834	5595	5579	4993	-255
<b>Two Harbors Area</b>						
Two Harbors <sup>3</sup>	4400	4695	4437	4424	295	-271
Silver Creek Twp. <sup>3</sup>	<u>640</u>	<u>879</u>	<u>923</u>	<u>947</u>	<u>239</u>	<u>68</u>
Total	5040	5574	5360	5371	534	-203
<b>Babbitt Area</b>						
Babbitt	117	2587	3076	2903	2470	316
Embarrass Twp.	517	918	1021	1059	401	141
Bassett Twp.	116	59	40	41	-57	-18
Waasa Twp.	<u>255</u>	<u>374</u>	<u>439</u>	<u>440</u>	<u>119</u>	<u>66</u>
Total	1005	3938	4576	4443	2933	505
<b>Ely Area</b>						
Ely	5474	5438	4904	4944	-36	-494
Winton	184	182	193	295	-2	113
Morse Twp.	738	1204	1250	1168	466	-36
Fall Lake Twp.	<u>249</u>	<u>242</u>	<u>328</u>	<u>337</u>	<u>-7</u>	<u>95</u>
Total	6645	7066	6675	6744	421	-322
Grand Total	13531	22412	22206	22137	8881	-275

1. U.S. Bureau of the Census estimate.

2. Beaver Bay population included in Beaver Bay Township in 1950.

3. Part of Silver Creek township annexed by Two Harbors.

Sources: U.S., Department of Commerce, Bureau of the Census, 1960 Census of Population, Number of Inhabitants, Minnesota, U. S., Department of Commerce, Bureau of the Census, 1970 Census of Population, Number of Inhabitants, Minnesota, PC(1)-A25; Population Estimates and Projections, Series P-25, No. 568, June, 1975; Graven & Associates.

Table 3  
Number of Reserve Workers  
Compared to No. of Homes in Impact Area<sup>1</sup>

<u>Impact Area</u>	<u>No. of Year Round Housing Units<sup>1</sup></u>	<u>No. of Reserve Workers<sup>1</sup></u>	<u>Ratio of Workers To Year Round Housing Units<sup>1</sup></u>
Silver Bay Area	1,593	1,015	63.7%
Babbitt Area	1,360	790	58.1%
Two Harbors Area	2,745	289	10.5%
Ely Area	<u>2,440</u>	<u>548</u>	<u>22.5%</u>
Four Area Total	8,138	2,642	32.5

1. The comparison is not exact since the municipal and township boundaries used to determine number of homes do not coincide with zipcode boundaries used to determine residence of workers. The number of Reserve workers in an area also would not equal the number of houses occupied by Reserve workers since some households would include more than one Reserve worker. Additionally, this table involves comparison of 1977 workers data with 1970 housing data.

Source: Minnesota Analysis Planning System, Fourth Count Housing Data, computer printout; Reserve Mining Company; Graven & Associates.

Table 4

Employment by Industry  
1970

<u>Industry</u>	<u>Silver</u> <u>Bay</u>	<u>Two</u> <u>Harbors</u>	<u>Ely</u>	<u>Babbitt</u>
Agriculture, Forestry & Fisheries	-	25	21	3
Mining	691	169	524	639
Construction	20	51	72	-
Manufacturing	42	113	78	25
Transportation, Commu- nications & Utilities	40	258	45	23
Wholesale & Retail Trade	127	314	404	69
Finance, Insurance & Real Estate	5	74	26	24
Business & Repair Services	-	5	21	15
Professional & Related Services	116	323	236	140
Public Administration	22	105	58	25
Misc. Industries	<u>52</u>	<u>120</u>	<u>58</u>	<u>24</u>
Total	1,115	1,557	1,543	987
 <u>Percent Distribution</u>				
Agriculture, Forestry & Fisheries	-	1.6%	1.4%	0.3%
Mining	62.0%	10.9	34.0	64.8
Construction	1.8	3.3	4.7	-
Manufacturing	3.8	7.3	5.0	2.5
Transportation, Commu- nications & Utilities	3.6	16.6	2.9	2.3
Wholesale & Retail Trade	11.4	20.2	26.2	7.0
Finance, Insurance & Real Estate	0.4	4.7	1.7	2.4
Business & Repair Services	-	0.3	1.4	1.6
Professional & Related Services	10.4	20.7	15.3	14.2
Public Administration	2.0	6.7	3.7	2.5
Misc. Industries	<u>4.6</u>	<u>7.7</u>	<u>3.7</u>	<u>2.4</u>
Total	100.0%	100.0%	100.0%	100.0%

1. Includes personal services, entertainment & recreation services.

Sources: Community Profiles of Silver Bay, Two Harbors, Ely & Babbitt; Graven & Associates.



Table 5

Housing by Occupancy  
1960-1970

	<u>Silver</u> <u>Bay</u>	<u>Two</u> <u>Harbors</u>	<u>Ely</u>	<u>Babbitt</u>
<u>Owner-Occupied</u>				
1960	772	1125	1295	526
1970	789	1120	1329	683
Percent Change	2.2%	-2.4%	2.6%	29.8%
Pct. Owner-Occupied				
1960	92%	72%	71%	96%
1970	94%	73%	77%	95%
<u>Renter-Occupied</u>				
1960	63	446	535	20
1970	53	404	393	38
Percent Change	-15.9%	-9.4%	-26.5%	90.0%
<u>Vacant</u> <sup>1</sup>				
1960	8	66	31	30
1970	28	51	41	10
Pct. of Total Yr.				
Round Units, 1970	3.2%	3.2%	2.3%	1.4%

1. For sale or rent only.

Sources: U.S., Department of Commerce, Bureau of the Census, 1970 Census of Housing, General Housing Characteristics, Minnesota, HC(1)-A25; U.S., Department of Commerce, Bureau of the Census, 1960 Census of Housing, State and Small Areas, Minnesota, HC(1)-25; Graven & Associates.

Table 6

Housing by Type of Structure

	<u>Silver</u> <u>Bay</u>	<u>Two</u> <u>Harbors</u>	<u>Ely</u>	<u>Babbitt</u>
Total Housing Units				
1960	851	1,691	1,909	576
1970	872	1,617	1,809	736
Percent Change	2.5%	-4.4%	-5.2%	27.8%
Total Year-Round Units, 1970	872	1,611	1,803	735
Single-Family Units, <sup>1</sup> 1970	827	1,153	1,393	720
Percent of Total	95%	72%	77%	98%
Multi-Family Units, 1970	45	458	410	15
Percent of Total	5%	28%	23%	2%

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1. Includes mobile homes & trailers.

Sources: U.S., Department of Commerce, Bureau of the Census, 1970 Census of Housing, General Housing Characteristics, Minnesota, HC(1)-A25; U.S., Department of Commerce, Bureau of the Census, 1960 Census of Housing, State and Small Areas, Minnesota, HC(1)-25; Graven & Associates.

Table 7

Age of Housing 1970

	Year Structure Built					<u>Total</u>
	<u>1939 or earlier</u>	<u>1940-1949</u>	<u>1950-1959</u>	<u>1960-1964</u>	<u>1965-1970</u>	
<b>Silver Bay Area</b>						
Silver Bay	0	0	762	62	41	865
Beaver Bay	12	31	45	28	9	125
Beaver Bay Twp.	52	26	80	50	60	268
Crystal Bay Twp.	37	41	90	49	48	265
Unorganized-East Lake	<u>22</u>	<u>6</u>	<u>24</u>	<u>13</u>	<u>5</u>	<u>70</u>
Total	123	104	1001	202	163	1593
<b>Two Harbors Area</b>						
Two Harbors	1140	130	205	70	100	1645
Silver Creek Twp.	170	40	110	58	22	400
Unorganized-West Lake	<u>356</u>	<u>89</u>	<u>113</u>	<u>56</u>	<u>86</u>	<u>700</u>
Total	1666	259	428	184	208	2745
<b>Babbitt Area</b>						
Babbitt	14	10	513	81	93	711
Embarrass Twp.	125	9	34	68	52	288
Basset Twp.	36	0	18	5	5	64
Waasa Twp.	84	0	34	0	8	126
Unorganized-Birch Lake	<u>42</u>	<u>5</u>	<u>24</u>	<u>28</u>	<u>72</u>	<u>171</u>
Total	301	24	623	182	230	1360
<b>Ely Area</b>						
Ely	1403	103	176	53	73	1808
Winton	47	0	8	10	0	65
Morse Twp.	179	57	125	50	41	452
Fall Lake Twp.	<u>55</u>	<u>9</u>	<u>16</u>	<u>12</u>	<u>23</u>	<u>115</u>
Total	1684	169	325	125	137	2440
<b>Grand Total</b>	<b>3774</b>	<b>556</b>	<b>2377</b>	<b>693</b>	<b>738</b>	<b>8138</b>

Sources: U.S., Department of Commerce, Bureau of the Census, 1970  
 Census of Housing, Detailed Housing Characteristics, Minnesota,  
 HC(1)-B25; Minnesota Analysis & Planning System, Census Data  
 Fourth Count Housing, Computer Print-Out; Graven & Associates.

Table 8

Residential Building Permits  
1964-1975

<u>Year</u>	<u>Babbitt</u>	<u>Ely</u>	<u>Silver Bay</u>	<u>Two Harbors</u>
1964	2	5	4	3
1965	4	8	2	1
1966	18	4	8	6
1967	20	7	8	4
1968	10	2	0	56
1969	2	43 <sup>1</sup>	0	0
1970	1	2	0	3
1971	0	9	1	11
1972	1	7	0	6
1973	0	49 <sup>1</sup>	0	5
1974	6	7	0	3
1975	<u>16</u>	<u>12</u>	<u>7</u>	<u>9</u>
Totals	80	155	30	107

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1. The largest portion of these units are believed to be elderly public housing.

Source: Ninth Federal Reserve District; Construction Reports, U.S. Department of Commerce; Graven and Associates.

Table 9

Distribution of Specified Owner-Occupied Housing<sup>1</sup>  
by Value - 1970

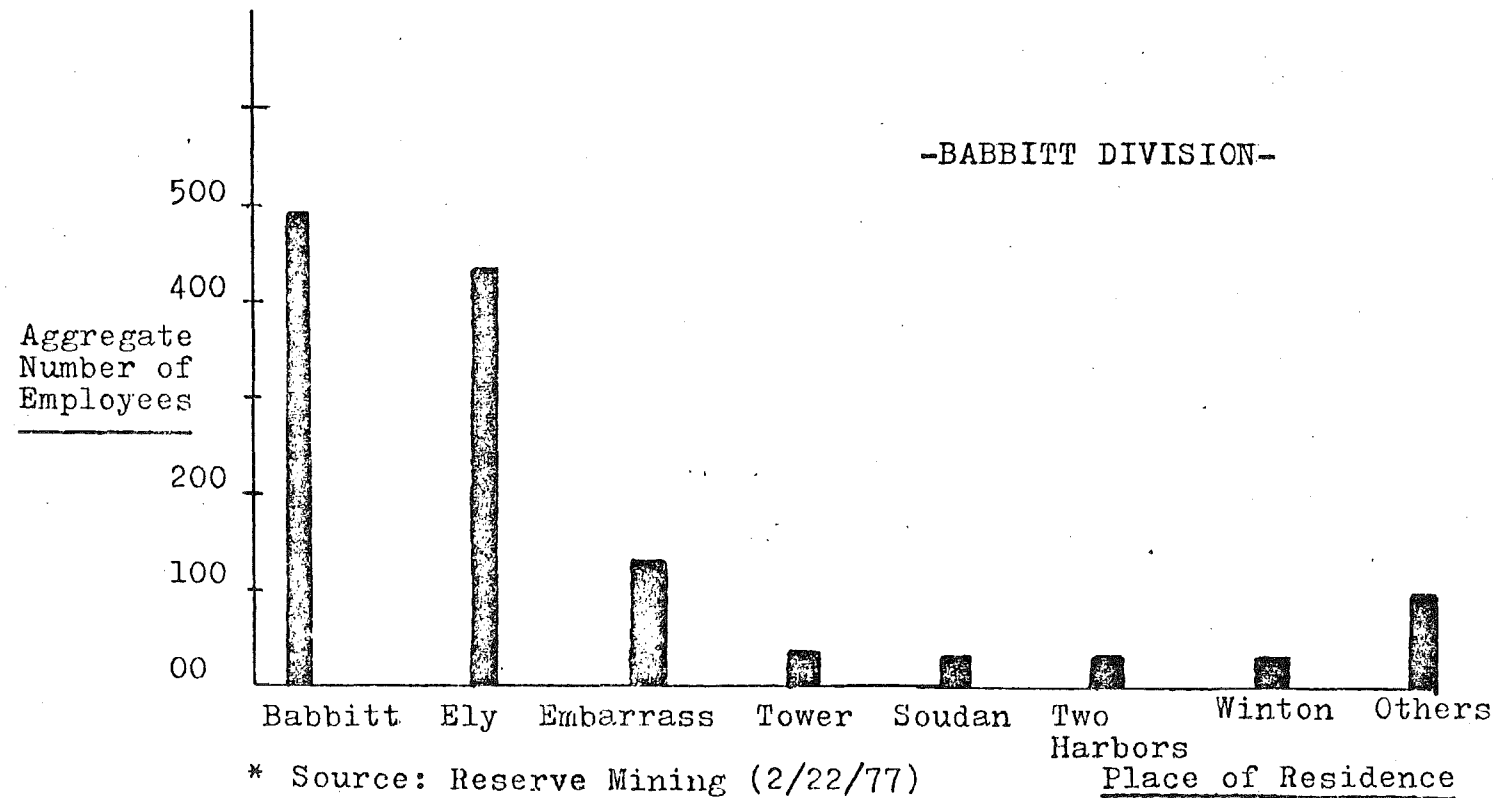
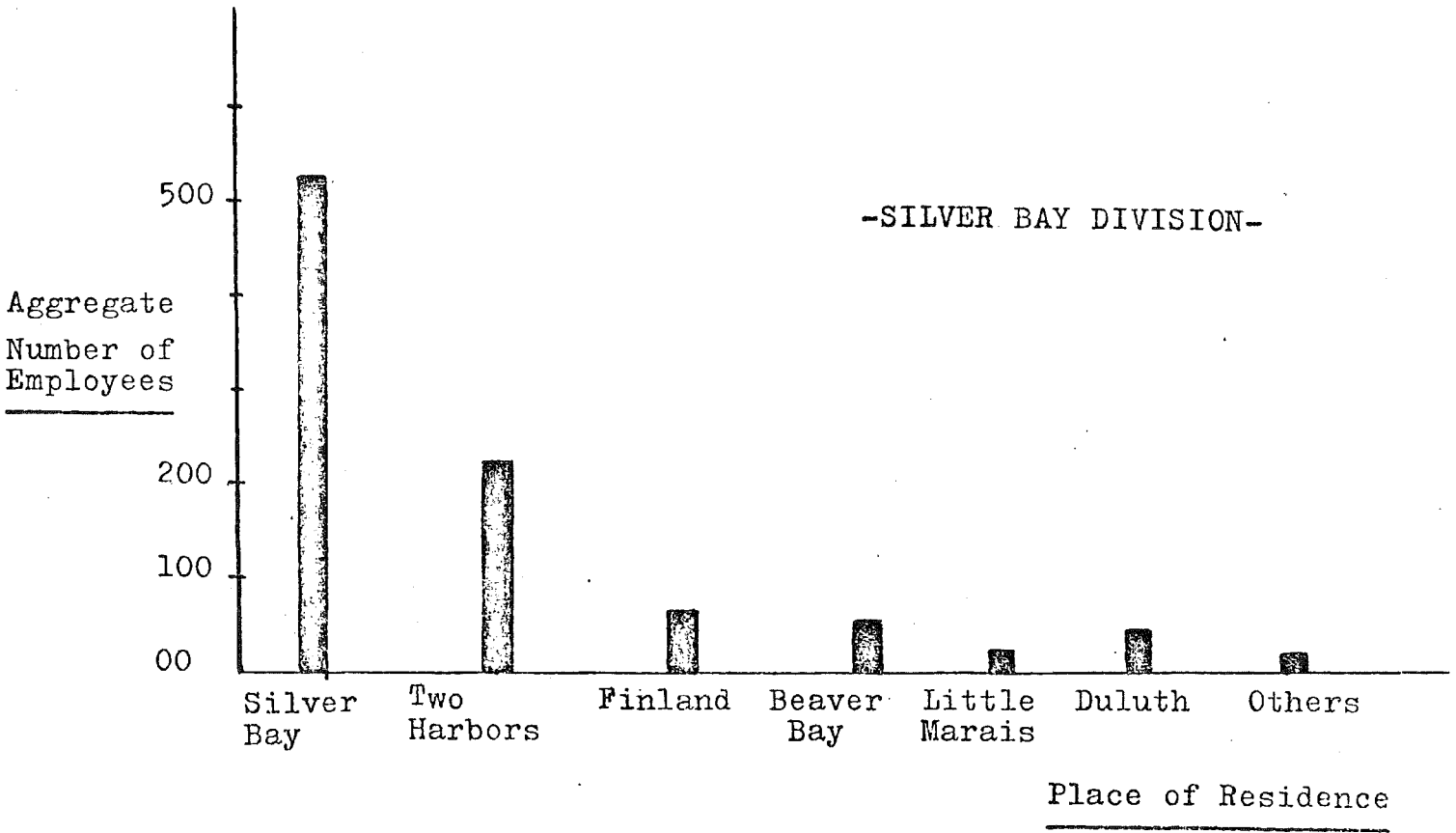
	<u>Silver</u>	<u>Two</u>		
	<u>Bay</u>	<u>Harbors</u>	<u>Ely</u>	<u>Babbitt</u>
<u>Range of Value</u>				
Less than \$5,000	3	44	121	3
\$5,000-\$9,999	197	331	444	33
\$10,000-\$14,999	373	335	293	406
\$15,000-\$24,999	172	233	228	158
\$25,000 and Over	<u>24</u>	<u>23</u>	<u>19</u>	<u>15</u>
Total	769	966	1,105	615
<u>Percent Distribution</u>				
Less than \$5,000	0.4%	4.5%	11.0%	0.5%
\$5,000-\$9,999	25.6	34.3	40.2	5.4
\$10,000-\$14,999	48.5	34.7	26.5	66.0
\$15,000-\$24,999	22.4	24.1	20.6	25.7
\$25,000 and Over	<u>3.1</u>	<u>2.4</u>	<u>1.7</u>	<u>2.4</u>
Total	100.0%	100.0%	100.0%	100.0%
Median Value	\$12,000	\$11,000	\$9,900	\$13,300

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1. Limited to single-family homes on ten acres or less.

Sources: U.S., Department of Commerce, Bureau of the Census, 1970 Census of Housing, General Housing Characteristics, Minnesota, HC(1)-A25; Graven & Associates.

PLACE OF RESIDENCE - HOURLY EMPLOYEES\*  
 RESERVE MINING COMPANY  
 (1977)



## Business Impacts

The overall goal of the project effort is to develop strategies to respond to the full range of human problems expected to arise if and when Reserve Mining closes its plant in Silver Bay and its mining operation in Babbitt. The purpose of this portion of the study is to estimate the impact of such a closure on local business persons and those businesses that supply the mining company.

The first persons affected by a shutdown of the Reserve plant would be direct employees of the company. However, there will also be a nearly immediate secondary impact on local business and service persons such as the grocer, druggist, dentist and realtor. The rippling effect of the reduction in income for Reserve workers will spread beyond the boundaries of Babbitt and Silver Bay. But the greatest impact will be in these two communities and the nearby cities of Ely and Two Harbors.

In an effort to estimate the potential impact for businesses in these communities, Graven and Associates gathered and analyzed available data and information that would be helpful in measuring the potential for secondary economic impact in these four communities. That information and preliminary conclusions that result from analysis of the data are reported in the following paragraphs.

### Reserve Mining - Its Geographic Setting

Reserve Mining Company extracts iron-bearing rock from a mine site near Babbitt, Minnesota. After initial crushing, the rock is shipped by rail to Silver Bay, Minnesota for further crushing and processing which results in a final product of iron-rich pellets which are used as raw material for steel making.

As can be seen on Figure 1, the plant and the mine site are approximately 50 miles apart. The economics of these two geographic areas are tied together by the common thread of Reserve Mining Company.

Babbitt, Ely and nearby smaller communities are home for many employees who work in the mine or on the railroad operated by Reserve between Babbitt and Silver Bay. The communities of Silver Bay, Two Harbors, and nearby smaller communities provide housing and services for those employees who work at the plant in Silver Bay. Although there are employers other than Reserve Mining in these communities, none begins to compare with it in terms of the number of persons employed and total payroll. Therefore these four communities, their business persons and service workers will be the most directly affected by a closure of Reserve.

Retail and Services Facilities - Silver Bay, Babbitt, Ely and Two Harbors

Tables 1 through 4 show the types and number of businesses located in the four primary communities. Analysis of these tables reveals that Ely and Two Harbors have many more retail and service businesses than Silver Bay and Babbitt even though the population differences between the communities are not as large as such a variance in business activity might indicate. Community population trends are reported on Table 5.

It would appear that Two Harbors and Ely have a normal level of business and service activities for communities of their size and trade area. This is graphically illustrated on Table 6 which compares retail sales for a number of similar sized free standing rural communities in Minnesota. As shown, Ely and Two Harbors have about average per capita retail sales and numbers of retail establishments. On the other hand, Babbitt and Silver Bay are among the three lowest in numbers of establishments as well as per capita retail sales.<sup>1</sup>

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1. Hoyt Lakes, which was lowest in all categories is also an Iron Range community located east of Virginia.



Retail sales trends are reported on Table 7. Further comparison of retail sales data for the four communities provides additional evidence of the lack of retail and service facilities in Silver Bay and Babbitt. Table 8 reports 1972 retail sales, number of establishments and payroll. As shown there, Two Harbors and Ely had almost approximately four times as much retail sales as Silver Bay or Babbitt with per capita sales approximately three times as great. Net taxable sales for the four communities are shown on Table 9. The same basic relationship that was observed earlier is again apparent on this table.

Analysis of the type of retail facilities available in Silver Bay and Babbitt further emphasizes the distinctions between their retail and service facilities and those available in Two Harbors and Ely. The Silver Bay and Babbitt retail facilities are primarily providing necessities and convenience shopping such as food, fuel, drugs and hardware. There is very little availability of shoppers goods such as clothing, appliances, furniture and automobiles. It would appear that most residents must travel outside the community for a selection of these kinds of goods. In fact, in the limited interviews conducted to date, this observation was confirmed. Residents of Silver Bay indicated traveling often to Duluth and Two Harbors for some shopping.

#### Conclusions and Recommendations

1. The greatest impact of closing Reserve will be on business and service workers in the four primary communities and their surrounding trade area.
2. There will be some secondary impact in larger communities beyond the immediate area such as Duluth and Virginia due to the present shopping patterns of Silver Bay and Babbitt residents.

As can be seen on Table 10, there is some impact on the retail sales for other communities such as Two Harbors, Ely, Virginia-Eveleth and Duluth. However, even assuming a 50% reduction in spending of Silver Bay and Babbitt residents, the impact in these affected communities is not large compared to each cities total retail sales as shown below:

	<u>Total Retail Sales</u>	<u>Lost Retail Sales from 50% Reduction in Silver Bay &amp; Babbitt Spending</u>	<u>Percent of Total Sales</u>
Two Harbors	\$16,438,000	\$ 604,000	3.7%
Ely	16,080,000	1,323,000	8.2%
Virginia-Eveleth	64,643,000	926,100	1.4%
Duluth	275,151,000	2,473,500	.8%

It would appear that only Two Harbors and Ely would be appreciably affected in lower retail sales as a result of a 50% reduction in retail spending by Silver Bay and Babbitt residents.

Table 11 reports bank trends for the four communities. Again, the cities of Silver Bay and Babbitt show the smallest deposits and annual growth rates.

3. The actual impact on Babbitt and Silver Bay businesses will be softened somewhat because the goods and services being provided are by-in-large necessities which must be purchased such as food and fuel. Furthermore, there are not a large number of business establishments in these communities.

4. The impact could be more severe, even for the small number of businesses, if the population levels in these communities are sharply reduced. The actual population and economic trends should be monitored if and after the plant closes to measure the actual impact on area business persons.

5. It may be necessary and desirable to provide for low-cost loans for business and service persons in the primary communities in order to insure the continued delivery of necessary goods and services.

In general, it would appear that the initial impact on the business and service elements of the communities will be softened somewhat due to the nature of the goods being provided (necessities) and the probability that former Reserve employees will continue to receive some income, albeit at lower levels.

#### Impact on Suppliers to Reserve Mining Company

Field work and interviews with various area officials did not reveal any specific suppliers that are totally dependent on Reserve Mining Company. In fact, company officers stated that they did not believe there were any such suppliers primarily dependent on Reserve. All major purchases are on an open bid and therefore no particular supplier has any assurance of a continuing relationship with Reserve.

Table 12 reports material and supplies purchased by Reserve Mining Company in Minnesota during 1976. As shown there were many companies involved, with the largest total dollars being spent on the range and in Duluth. It would seem reasonable to assume that the majority of these suppliers are doing business with all taconite processors and may be able to replace lost Reserve business with current expansion of those firms located on the range.

Table 1

Silver Bay Commercial

<u>Type of Commercial Establishments</u>	<u>Number of Establishments</u> <sup>1</sup>
<u>Goods</u>	
Antiques & art goods	1
Boat dealer	2
Carpet	1
Clothing	1
Craft supplies	1
Hardware	1
Television & appliance	1
Hobby & model construction supplies	1
Liquor store	1
Marine equipment	1
<u>Services</u>	
Attorneys	3
Auto repair	2
Bakery	1
Bank	1
Barber shop	1
Beauty salons	2
Beer/taverns	1
Bowling	1
Campground	1
Caterer	1
Credit union	1
Dairy	1
Dentists	2
Power and light co.	1
Fabric shop	1
Food - ready to serve	2
Upholstering	1
Grocer	1
Insurance	4
Motel	2
Laundry	<u>1</u>
Total	42

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1. Total is greater than number of businesses since some provide more than one type of goods and services.

Sources: Silver Bay Chamber of Commerce, Northwestern Bell Duluth telephone book; Graven & Associates.

Table 2

Babbitt Commercial

<u>Type of Commercial Establishments</u>	<u>Number Of Establishments</u> <sup>1</sup>
<u>Goods</u>	
Auto parts	1
Boat and motor dealer	1
Ceramic products	1
Catalog Stores	2
Gas engines	1
Hardware stores	1
Lumber stores	1
Oil	1
Sheet metal	1
Snowmobile dealers	2
Auto Transmission	1
<u>Services</u>	
Amusement Place	1
Auto repair & service	3
Bank	1
Beauty salon	1
Boat rental	1
Bowling	1
Bus	1
Canoe Trip Outfitters	2
Dentists	3
Food	6
Electric contractors	1
Fishing bait	1
Gift shop	1
Grocers	2
Heating contractor	1
Insurance agency	3
Mining contractor	1
Motel	1
Newspaper	1
Night club/tavern	2
Pharmacy/drug store	1
Physicians	2
Real estate agency	1
Resorts	4
Service stations	3
Snowmobile repair	1
Welding	1
Wrecker service	1
<u>Total</u>	<u>61</u>

1. Total is greater than number of businesses since some provide more than one type of goods and services.

Sources: Babbitt Chamber of Commerce, Continental Telephone Company telephone book and Graven & Associates.

Table 3

Ely Commercial Establishments

<u>Sale of Goods</u>	<u>Number of Businesses</u>
Aircraft Sales	1
Antique Dealer	1
Art Dealer	1
Auto Sales & Rental	4
Auto Parts	3
Baker	2
Bicycle Shop	1
Boat & Motor Sales	3
Book Shop	1
Brush Dealer	1
Candy	2
Carpet & Rug	1
Dairy	1
Department Store	3
Electric Appliances	1
Fabric Shop	1
Feed Store	1
Fishing Bait & Tackle	5
Florist	1
Furniture	2
Gift Shop	4
Grocers	5
Hardware Store	4
Hobby & Model Construction Supplies	1
Jeweler	1
Ladies Apparel	3
Lawn & Garden Equipment & Supplies	1
Liquor Store	5
Men's Clothing Store	1
Newspaper	3
Pharmacy	2
Photographic Equipment & Supplies	2
Second Hand Store	1
Shoes	1
Snow Vehicles	2
Sporting Goods	3
TV & Radio	1
Variety Store	3
Yarn	1

Table 3 (Cont'd)

Ely Commercial Establishments

<u>Services</u>	<u>Number of Businesses</u>
Accountant	1
Aircraft flying lessons	2
Air Travel Service	1
Ambulance	1
Appraiser	1
Attorney	4
Auto Repair & Service	7
Bank	1
Beauty Salon	3
Bowling Lane	1
Camp & Campgrounds	7
Camping Consultant	3
Canoe Trip Outfitter	17
Dentist	4
Golf Course	1
Hospital	1
Hotel	1
Insurance	4
Interior Decorator & Designer	1
Laundries	2
Management Consultant	1
Motels	6
Night Clubs	4
Optometrist	2
Photographers	2
Physicians	6
Railroad Ticket Agency	1
Real Estate	5
Real Estate Developer	1
Resorts	41
Restaurants	13
Savings & Loan	1
Service Station	11
Ski Resort	1
Stock & Bond Broker	1
Taverns	5
Tax Return Preparation	1
Theatre	1
Upholsterers	1
Veterinarian	1
Total	248

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Sources: Continental Telephone Co., Telephone Directory; Graven & Associates.



Table 4

Two Harbors Commercial

<u>Type of Commercial Establishment</u>	<u>Number of Establishments</u> <sup>1</sup>
<u>Goods</u>	
Amusement devices	1
Art goods	1
Arts & crafts supplies	1
Auto	
Air conditioning equipment	1
Dealers	3
Parts	2
Beer	2
Building materials	2
Campers	1
Candy	1
Cheese	1
Clothing	3
Concrete	1
Contractor Equipment	2
Dairy	2
Department stores	2
Electric appliances	4
Engines - gas	1
Fisherman supplies	1
Tackle	1
Furnaces	1
Gas appliances	1
Gas	3
Gift shops	3
Greenhouse	1
Hardware	4
Hobby and model construction supplies	1
Housewares	1
Hydraulic equipment	3
Jeweler - retail	1
Variety store	1
Well drilling	1
Wood products	1
Wrecker	1
Ladies Apparel	2
Lawn & garden equipment	2
Lumber	4
Machinery	1
Catalog stores	2
Men's clothing	2
Newspaper	1
Oil - fuel	5
Organs/pianos	1
Outboard motors	1
Pharmacy	1

Table 4

Two Harbors Commercial

<u>Type of Commercial Establishment</u>	<u>Number of Establishments</u> <sup>1</sup>
<u>Goods (continued)</u>	
Photographic equipment and supplies	2
Plumbing fixtures and suppliers	2
Pumps	2
Radio communication equipment & system	1
Railroad equipment and supply	1
Refrigerator and freezer	2
Saws	5
Shoes	2
Snow removal equipment	2
Snowmobiles	1
Sporting goods	6
Television dealers	3
Tire	3
<u>Services</u>	
Abstracter	1
Accountant	1
Airport	1
Ambulance	1
Attorneys	3
Auto	
Body and repair	4
Repair and service	5
Bakerys	2
Banks	2
Barber shops	2
Beauty salons	3
Boarding houses	2
Bookkeeping service	1
Bowling	1
Cabinet maker	1
Campground	1
Car wash	1
Chiropractor	1
Cleaners	2
Clinics	2
Clock repair	1
Dentists	3
Florists	2
Funeral homes	1
Garbage collectors	4
Grocers	5
Hotels	1
Nursing homes	3
Hospitals	1
Insurance	9
Laundry	2

Table 4

Two Harbors Commercial

<u>Type of Commercial Establishment</u>	<u>Number of Establishments</u> <sup>1</sup>
Services (continued)	
Lawn Mower repair	1
Machine shop	1
Motels	6
Museums	1
Optometrists	1
Photographers	2
Physicians	2
Plumbing contractors	3
Printers	2
Railroads	1
Real estate	6
Resorts	6
Restaurants	14
Service stations	11
Taverns	6
Tax return preparation	1
Theatre	1
Trailer rental	1
Welding	<u>3</u>
Total	248

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1. Total is greater than number of businesses since some provide more than one type of goods and services.

Sources: Continental Telephone Company telephone book, Two Harbors Chamber of Commerce; Graven & Associates.

Table 5

Population Trends  
1960-1973

	<u>1960</u>	<u>1970</u>	<u>1973</u> <sup>1</sup>
Silver Bay	3,723	3,504	3,431
Two Harbors	4,695	4,437	4,424
Ely	5,438	4,904	4,944
Babbitt	2,587	3,076	2,903

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1. U.S. Bureau of the Census Estimate.

Sources: U.S., Department of Commerce, Bureau of the Census, 1970 Census of Population, Number of Inhabitants, Minnesota, PC(1)-A25; U.S., Department of Commerce, Bureau of the Census, Population Estimates and Projections, Series P-25, No. 586, June, 1975; Graven & Associates.

Table 6

Retail Sales Comparison

<u>City</u>	1973 <u>Pop.<sup>1</sup></u>	No. of Establish- ments 1972	Retail Sales (000's) <u>1972</u>	Per Capita Retail <u>Sales</u>
Pipestone	4,970	106	\$ 17,574	\$ 3,536
<u>Ely</u>	4,944	89	16,080	3,252
Redwood Falls	4,824	101	25,267	5,238
Luverne	4,652	89	15,120	3,250
Eveleth	4,634	73	13,395	2,891
Wadena	4,459	111	26,751	5,999
<u>Two Harbors</u>	4,424	83	16,438	3,716
Glencoe	4,182	75	17,770	4,249
Breckenridge	4,082	65	11,512	2,820
Lake City	4,044	73	10,447	2,583
Blue Earth	4,016	81	14,844	3,696
St. James	4,004	83	12,297	3,071
Windom	3,973	89	15,968	4,019
LeSueur	3,912	53	7,366	1,883
Hoyt Lakes	3,752	19	2,601	693
LaCrescent	3,562	35	6,592	1,851
Jackson	3,533	64	10,750	3,043
Sleepy Eye	3,524	66	9,805	2,782
<u>Silver Bay</u>	3,431	26	4,253	1,240
Benson	3,397	89	12,432	3,660
Granite Falls	3,190	68	11,799	3,699
Park Rapids	2,962	118	18,803	6,348
<u>Babbitt</u>	2,903	31	3,416	1,177
Staples	2,875	62	9,284	3,229
New Prague	2,583	71	8,027	3,108
Cambridge	2,575	83	23,744	9,221
Wells	2,550	55	7,722	3,028

1. U.S. Bureau of the Census estimate.

Sources: U.S., Department of Commerce, Bureau of the Census, Population Estimates and Projections, Series P-25, No. 568, June, 1975; U.S., Department of Commerce, Bureau of the Census, 1972 Census of Business, Retail Trade, Minnesota, BC72-RA25; Graven & Associates.

Table 7

Retail Sales Trends

	<u>Silver</u> <u>Bay</u>	<u>Two</u> <u>Harbors</u>	<u>Ely</u>	<u>Babbitt</u>
<u>Retail Sales (000's)</u>				
1963	\$1,271	\$8,392	\$8,702	\$1,490
1967	2,781	11,258	11,298	2,440
1972	4,253	16,438	16,080	3,416
Percent Change				
1963-1972	234.6%	95.9%	84.8%	129.3%

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Sources: U.S., Department of Commerce, Bureau of the Census, 1963 Census of Business, Retail Trade, Minnesota, BC67-RA25; U.S., Department of Commerce, Bureau of the Census, 1972 Census of Business, Retail Trade, Minnesota, BC72-RA25; Graven & Associates.

Table 8

1972 Retail Sales, Establishments & Payroll  
by Population

	<u>Silver</u> <u>Bay</u>	<u>Babbitt</u>	<u>Two</u> <u>Harbors</u>	<u>Ely</u>
Population, 1973 <sup>1</sup>	3,431	2,903	4,424	4,944
Total Retail Sales, 1972 (000's)	\$4,253	\$3,416	\$16,438	\$16,080
Per Capita Sales	\$1,240	\$1,177	\$ 3,716	\$ 3,252
Number of Retail Establishments, 1972	26	31	83	89
Population per Retail Establishment	132	94	53	56
Payroll of Retail Establishments, 1972 (000's)	\$ 473	\$ 330	\$ 1,532	\$ 1,642
Per Capita Retail Payroll	\$ 138	\$ 114	\$ 346	\$ 332

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1. U.S. Bureau of the Census estimate.

Sources: U.S., Department of Commerce, Bureau of the Census, Population Estimates and Projections, Series P-25, No. 568, June, 1975; U.S., Department of Commerce, Bureau of the Census, 1972 Census of Business, Retail Trade, Minnesota, BC72-RA25; Graven & Associates.

Table 9

Trends in Net Taxable Sales<sup>1</sup>  
1973-1975

	<u>Silver</u> <u>Bay</u>	<u>Babbitt</u>	<u>Two</u> <u>Harbors</u>	<u>Ely</u>
<u>Net Taxable Sales</u>				
1973	\$2,102,705	\$1,768,919	\$7,351,445	\$9,133,294
1974	2,296,445	2,235,567	9,668,292	9,842,946
1975	2,734,432	2,783,106	10,778,560	11,333,166
 <u>Per Capita Net</u> <u>Taxable Sales<sup>2</sup></u>				
1973	\$613	\$609	\$1,662	\$1,847
1974	669	770	2,185	1,991
1975	797	959	2,436	2,292
 <u>Percent Change</u>				
1973-1975	30.0%	57.3%	46.6%	24.1%

- 
1. Taxable sales exclude sales of food, clothing, drugs, cigarettes and gasoline which are not subject to the Minnesota sales tax.
  2. Calculated on the basis of the U.S. Bureau of the Census 1973 population estimates as follows: Silver Bay (3,431), Babbitt (2,903), Two Harbors (4,424), Ely (4,944).

Sources: State of Minnesota, Department of Revenue; U.S., Department of Commerce, Bureau of the Census, Population Estimates and Projections, Series P-25, No. 568, June, 1975; Graven & Associates.



Table 10

Possible Impact on Retail Sales of Reserve Closing

<u>Communities</u>	<u>1972 Retail Sales</u>	<u>Average Retail Sales for Similiar Size Communities</u>	<u>Estimated Sales Dollars Being Spent in Communities Other Than Silver Bay and Babbitt</u>
Silver Bay	\$4,253,000	\$10,293,000	\$6,040,000
Babbitt	3,416,000	8,709,000	5,293,000

Estimate of Amount Spent in Other Communities

	<u>Estimated Dollars Spent</u>	<u>Two Harbors</u>	<u>Duluth</u>	<u>Others</u>
Silver Bay		20%	60%	20%
	\$6,040,000	\$1,208,000	\$3,624,000	\$1,208,000
At 50% Reduction in Spending:	\$3,020,000	\$ 604,000	\$1,812,000	\$ 604,000

	<u>Estimated Dollars Spent</u>	<u>Ely</u>	<u>Virginia- Eveleth</u>	<u>Duluth</u>	<u>Other</u>
Babbitt		25%	35%	25%	15%
	\$5,293,000	\$1,323,000	\$1,853,000	\$1,323,000	\$794,000
At 50% Reduction in Spending:	\$2,646,000	\$ 661,500	\$ 926,100	\$ 661,500	\$396,900

Source: U.S. Department of Commerce, Bureau of the Census, 1972 Census of Business, Retail Trade, Minnesota, BC72-RA25; Graven & Associates.

Table 11

Bank Deposit Trends

<u>Total Deposits</u>	As of December 31 (in thousands)					Increase <u>1974-1975</u>
	<u>1968</u>	<u>1970</u>	<u>1972</u>	<u>1974</u>	<u>1975</u>	
First Northwestern of Silver Bay	\$2950	\$3457	\$4212	\$5270	\$6450	\$1180
First State Bank of Babbitt	3620	6835	5242	5277	5899	622
Commercial State Bank of Two Harbors	4038	4456	5273	5963	7012	1049
First National Bank of Two Harbors	7530	8699	11359	12185	14655	2470
First National Bank of Ely	9060	12005	14499	17744	20660	2916
<u>Time Deposits</u>						
First Northwestern of Silver Bay	1266	1542	2264	3203	4221	1018
First State Bank of Babbitt	1334	1457	1707	2454	2980	526
Commercial State Bank of Two Harbors	2594	2936	3601	4168	4680	512
First National Bank of Two Harbors	5256	6045	7501	8886	11173	2287
First National Bank of Ely	4984	6827	9371	12826	15201	2375

Source: Ninth District Federal Reserve Bank, Graven & Associates.

Table 12

Minnesota Purchases - 1976  
(Over \$5,000)

	<u>No. of Companies</u>	<u>Total Amount</u>	<u>Ave. Amount</u>
Duluth	50	\$14,469,000	\$289,000
Iron Range	58	18,814,000	324,000
Mpls.-St. Paul	70	7,572,000	108,000
Other Minnesota	<u>22</u>	<u>5,900,000</u>	<u>268,000</u>
<b>Total</b>	200	\$46,755,000	\$234,000
(Under \$5,000)			
Duluth	95		
Iron Range	54		
Mpls.-St. Paul	164		
Other Minnesota	<u>64</u>		
<b>Total</b>	377	\$ <u>750,000</u> (est.)	\$ 2,000 (est.)
<b>Total Minnesota Purchases</b>		<u>\$47,500,000</u>	
<b>Total Material and Supplies Purchased (Minnesota and Outside Minnesota)</b>		<u>\$72,700,000</u>	

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Source: Reserve Mining Company.

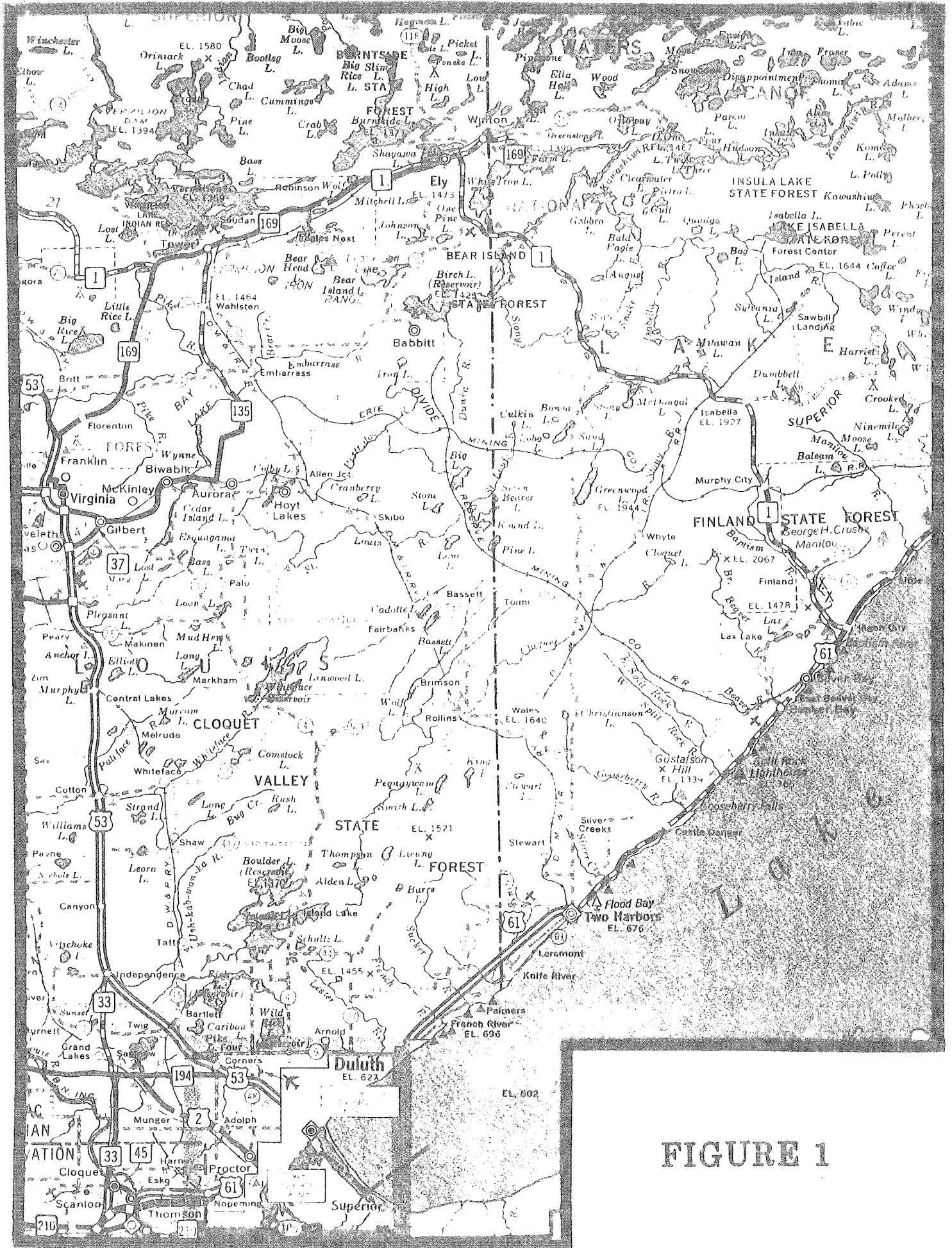
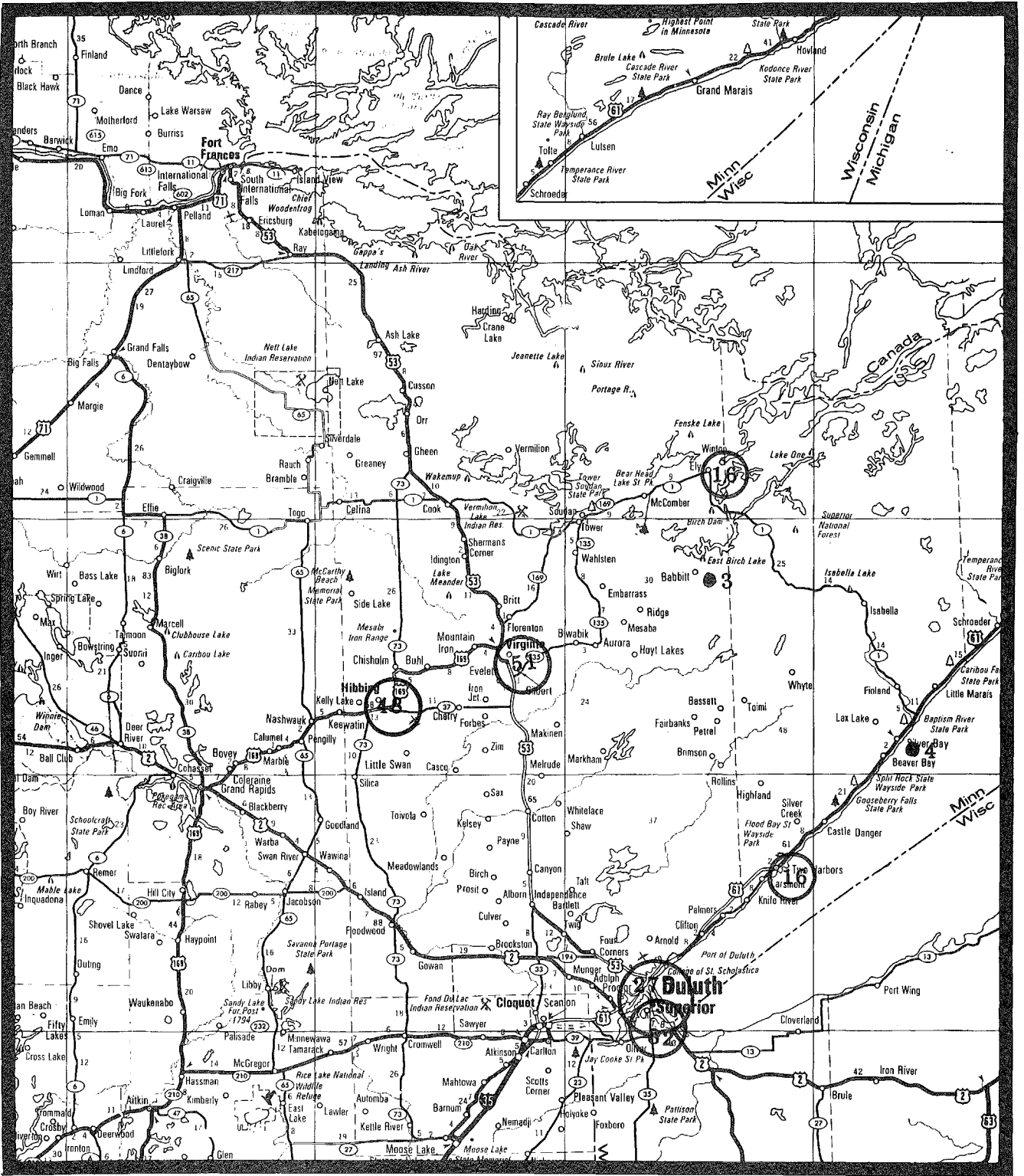


FIGURE 1



1" : 23 MILES

- \$0-5 MILLION SALES
- \$6-10 MILLION SALES
- \$11-40 MILLION SALES
- \$41-100 MILLION SALES
- OVER \$101 MILLION SALES

SOURCE: 1972 CENSUS OF RETAIL SALES

FIGURE  
1972 Retail Sales

<sup>F</sup>  
E. LOCAL GOVERNMENT FINANCING

This subsection will discuss the impact of a possible Reserve closure on local government revenue and the resulting ability of the affected units to continue to provide necessary services. The tax revenues paid by Reserve in 1976 based on 1975 production are shown on Table 1. As indicated, Reserve paid a total of \$16.2 m in taxes during 1976. Nearly \$15 million of the total was in the form of iron ore taxes including the production tax (\$7.5 million). The occupation tax (\$4.4 million) the Royalty tax (\$1.3 million) and the taconite railroad tax (\$1.6 million). Other taxes including ad valorem taxes on non-production real estate, special Babbitt school bond tax, sales and use taxes and employers excise taxes accounted for the remaining \$1.3 million in taxes paid by Reserve.

As indicated, portions of the taconite production tax, the taconite railroad tax, the special Babbitt School tax and the ad valorem property taxes are paid directly to local units of government in the impact areas. Many of the other tax payments into the various funds are also used for support of local government, although their distribution is wide and includes many more school districts and communities. Some of the funds such as the State school fund and sales and use tax are used directly or indirectly to provide aids for all school districts or municipalities in the State. Others are paid to taconite aid accounts which are distributed over the cities, counties and school districts affected by taconite processing. Other taxes are paid directly to the counties, cities and school districts in which the mines or processing facilities are located.

The distribution of the taconite municipal aid account paid pursuant the Minnesota Statutes 298.241 are shown on Table 2. As

indicated, a substantial number of iron range communities participate in this fund. The distribution is on a per capita basis to all qualifying communities. The amount of the tax is based on the tonnage of taconite produced by all companies. As indicated, taxes on Reserve production accounted for nearly 28% of the total fund. Unless the production in other plants increases, each of those cities will lose 28% of the revenues they now receive from the taconite municipal aid fund. In the event of a Reserve closure on July 7, 1977 the full loss will not be experienced by the municipalities until 1979, since payments are made in the year following the production of the taconite. The cities, therefore, would receive full payment in 1977 based on 1976 production. The amount they would receive in 1978 would be reduced an estimated 14% based on 1977 Reserve production which if closure occurs on July 7th should approximate 50% of a normal year's production. The reduction in payments to these communities in 1979 and subsequent years would if not replaced by increased production in existing or new plants would approximate the 28% now paid by Reserve.

The distribution of the taconite property tax relief fund in 1976 is shown on Table 3. Tax payments are made to this fund pursuant to Minnesota Statutes 298.24, 298.241 and 298.243.

In 1976, Reserve paid taxes of \$2,077,000 into this fund which represented 23.6% of the total fund of \$8,688,441 paid by all taconite processors. This fund is distributed to all property owners within school districts within which a taconite mine processing plant or taconite power plant is located or which contain a municipality in which the assessed valuation of unmined represents 40 to 60% of total assessed value of real property. This fund is used to provide homestead property tax relief.

The statutes amount of relief varies from 52% to 60% with a maximum of \$300 -350 for various classes of communities. The amount of relief, however, can and has been in previous reduced because there was not sufficient revenues in the fund to provide the full relief. The homestead property also receives the state-wide homestead relief credit of 45% of the remaining tax after the taconite credit has been deducted up to a maximum of \$325. Based on 1976 tax payments into the fund, the closure of Reserve would result in an average reduction of \$38.59 in the credit to the 53,829 homesteads receiving the credit.

The distribution of other tax payments are shown on Table 4. As indicated, most of the payments pursuant to these taxes directly benefit the counties, municipalities, and school districts in which taconite operation occurs. The ad valorem property taxes are on property, including executive homes, owned by Reserve but not used in the production of taconite.

Another portion of the taconite production tax levied pursuant to Minnesota Statute 298.243 is paid into school aids. In 1976, twenty-one school districts in Northeast Minnesota received revenues from the fund. The distribution is based on the ratio of basic school levys of the participating districts. During 1976, Reserve paid approximately \$2 million into the fund which totalled \$8 million based on payments of all taconite companies. The impact on the districts if Reserve closed, however, would not be the full approximately 25% paid by Reserve. During 1977 and subsequent years, 50% of the payments from this fund are deducted from basic state foundation aids to education from the state and only the remainder used to reduce property taxes. Thus, approximately 50% of the reduced



payments which may result from a Reserve closure would be replaced by increased foundation aids from State funds.

The potential loss of revenues to the State and various classes of local governments as a result of a possible Reserve closure are shown on Tables 5 - 7. The loss of revenues to two illustrative local governmental units, Silver Bay and the Babbitt School District are shown on Table 8. As indicated, the closure of Reserve would have substantial impact on many communities in Northeast Minnesota with the greatest impact in those communities and school districts within which the mine and processing facilities are located.

If these Reserve tax revenues to the local communities and school districts are not replaced substantial increases in property taxes, to extent permitted by levy increase limitation laws, would be required to continue to provide needed local services such as education, police, fire, road maintenance and other needed services. These higher taxes would be imposed on persons who would loose their jobs if Reserve closes and would impose additional hardships. Additionally, higher real estate taxes would tend to interfere with the goal of maintaining viable communities in the impact areas by encouraging present residents to leave and discourage potential new residents.

Table 1

RESERVE MINING COMPANY  
ESTIMATED DISTRIBUTION OF 1976 TAX LIABILITY  
MINNESOTA TAXES  
(BASED ON DISTRIBUTION OF 1975 TAX LIABILITY)

	IRON ORE TAXES					OTHER TAXES					
	Royalty Tax	Taconite Tax	Taconite Railroad Tax	Occupation Tax	Total Iron Ore Taxes	Ad Valorem Tax	School Tax	Sales & Use Tax	Employer's Excise Tax	Total Other Taxes	Grand Total
Taconite Property Tax Relief Fund	\$	\$ 2,077,000	\$	\$	\$ 2,077,000	\$	\$	\$	\$	\$	\$ 2,077,000
State - General Fund	1,327,000	60,000	99,000	2,216,000	3,702,000			950,000	88,000	1,038,000	4,740,000
St. Louis County		583,000	179,000		762,000	24,000				24,000	786,000
St. Louis County-Road & Bridge		78,000			78,000						78,000
Lake County		673,000	191,000		864,000	28,000				28,000	892,000
Lake County-Road & Bridge		90,000			90,000						90,000
City of Babbitt		104,000	156,000		260,000	2,000				2,000	262,000
Town of Bossett			6,000		6,000						6,000
Town of Beaver Bay			9,000		9,000						9,000
City of Silver Bay		122,000	150,000		272,000	13,000				13,000	285,000
Town of Silver Creek			20,000		20,000						20,000
School District #692 (St. Louis County)		246,000	408,000		654,000	2,000				2,000	656,000
School District #692 (Building)							183,000			183,000	183,000
School District #381 (Lake County)		286,000	434,000		720,000	18,000				18,000	738,000
State School Fund		2,056,000		1,773,000	3,829,000						3,829,000
State University Fund				443,000	443,000						443,000
Iron Range Resources & Rehab. Comm.		270,000			270,000						270,000
Taconite Municipal Aid Account		838,000			838,000						838,000
	<u>\$ 1,327,000</u>	<u>\$ 7,493,000</u>	<u>\$ 1,652,000</u>	<u>\$ 4,432,000</u>	<u>\$14,894,000</u>	<u>\$ 87,000</u>	<u>\$ 183,000</u>	<u>\$ 950,000</u>	<u>\$ 88,000</u>	<u>\$ 1,308,000</u>	<u>\$16,202,000</u>

Table 2

## 1976 Distribution of Municipal Aid Account

<u>Tax District</u>	<u>Total Receipts</u>	<u>Paid by Reserve</u>
Aurora, City of	\$ 81,228	\$ 22,573
Babbitt, City of	98,719	27,434
Biwabik, City of	47,594	13,226
Buhl, City of	41,817	11,621
Ely, City of	167,495	46,547
Eveleth, City of	151,513	42,106
Gilbert, City of	82,255	22,858
Hibbing, City of	516,832	143,627
Mt. Iron, City of	107,715	29,934
Virginia, City of	399,563	111,039
Chisholm, City of	195,288	54,270
Balkan Township	25,032	6,956
Biwabik Township	24,808	6,894
Breitung Township	29,108	8,089
Fayal Township	64,969	18,055
Great Scott Township	8,986	2,497
McDavitt Township	13,671	3,799
Missabe Mountain Township	4,782	1,329
McKinley Township	10,733	2,983
Stuntz Township	167,816	46,636
White Township	59,501	16,535
Hoyt Lakes, City of	116,627	32,411
Total to St. Louis County Municipalities	\$2,416,142	\$671,445
Bass Brook Township	48,044	13,351
Grand Rapids, City of	79,046	21,967
Greenway Twonship	34,757	9,659
Nashwauk Township	25,610	7,117
Bovey, City of	27,536	7,652
Coleraine, City of	34,853	9,686
Calumet, City of	14,763	4,103
Keewatin, City of	44,353	12,326
Nashwauk, City of	43,037	11,960
Total to Itasca County Municipalities	\$351,999	\$97,821

<u>Tax District</u>	<u>Total Receipts</u>	<u>Paid by Reserve</u>
Ironton, City of	\$ 18,036	\$ 5,012
Crosley, City of	71,921	19,987
Ironton Township	24,904	6,921
Rabbitt Lake Township	4,846	1,347
Wolford Township	2,182	607
Tronvald, City of	2,631	730
Total Crow Wing County Municipalities	\$124,520	\$ 34,604
Silver Bay, City of (also the total for Lake County)	\$112,455	\$ 31,251
Schroeder, City of	\$ 10,205	\$ 2,836
GRAND TOTALS	<u>\$3,015,321</u>	<u>\$838,000</u>

\$838,000 was 27.79% of Total Mining Company payments to the Municipal Aid Account in 1976.

Sources: Department of Revenue; Arrowhead Regional Commission

Table 3

## 1976 Taconite Property Tax Relief Fund Distribution

<u>Local Authority</u>	<u>Combined Total Ag/Non-Ag</u>	<u>Paid by Reserve</u>	<u>Number of Home- owners Affected</u>
Aitkin County	\$ 330,160	\$ 75,936	2,096
Cook County	173,768	39,966	1,010
Crow Wing County	382,291	87,927	2,609
Itasca County	1,759,409	404,664	13,611
Lake County	573,437	131,890	3,681
St. Louis County	<u>5,478,062</u>	<u>1,259,954</u>	<u>30,822</u>
Totals	<u>\$8,688,441</u>	<u>\$2,077,000</u>	<u>53,829</u>

Reserve Mining Company paid \$2,077,000 into this fund or 23.6% of the total in 1976.

The 53,829 homesteads will lose an average taconite homestead tax reduction (credit) of \$38.59 based on Reserve closing.

Source: Department of Revenue; Arrowhead Regional Development Commission

Table 4

## 1976 Distribution of Other Reserve Taxes

<u>Local Authority</u>	<u>Reserve Mining Payments Under Production, R.R., &amp; Occupation Tac. Taxes</u>	<u>Ad Valorem and Special School Taxes</u>	<u>Total</u>
St. Louis County	\$ 840,000	\$ 24,000	\$ 864,000
Lake County	954,000	28,000	982,000
Babbitt, City of	260,000	2,000	262,000
Bassett Township	6,000		6,000
Beaver Bay Twp.	9,000		9,000
Silver Bay, City of	272,000	13,000	285,000
Silver Creek Twp.	20,000		20,000
S.D. #692 (Babbitt)	654,000	185,000	839,000
S.D. #381 (Lake Sup.)	720,000	18,000	738,000
I.R.R.R.C.	<u>270,000</u>		<u>270,000</u>
TOTAL	\$4,005,000	\$ 270,000	\$4,275,000

SOURCE: Reserve Mining Company  
Arrowhead Regional Development Commission

TABLE 5

Loss of State or Statewide local revenues  
as a result of Reserve closing.

(Based on 1976 tax payments)

	<u>1977</u> <sup>1</sup>	<u>1978</u> <sup>1</sup>	<u>1979</u> <sup>1</sup>
Royalty Tax	\$664,000	\$1,327,000	\$1,327,000
Sales and Use Tax	475,000	950,000	950,000
Taconite Railroad Tax	50,000	100,000	100,000
Employees Excise Tax	44,000	88,000	88,000
Taconite Production Tax	0	30,000	60,000
Taconite Occupation Tax	0	1,108,000	2,216,000
State University Fund	0	221,000	443,000
State School Fund <sup>2</sup>	0	875,000	1,773,000
Employee State Income Tax	<u>1,511,500</u>	<u>3,023,000</u>	<u>2,023,000</u>
Total	\$2,269,975	\$7,722,000	\$9,980,000

1. Calendar year of payment

2. Not including distribution of taconite tax school fund.

Source: Reserve Mining Company; Minnesota Department of Revenue;  
Graven and Associates; Arrowhead Regional Development Commission

TABLE 6

Loss of Revenue to counties, municipalities,  
and school districts in Northeastern  
Minnesota mining area.

(Based on 1976 payments)

	<u>1977<sup>1</sup></u>	<u>1978<sup>1</sup></u>	<u>1979<sup>1</sup></u>
Taconite Municipal Aid Fund	0	\$420,000	\$838,000
Taconite Property Tax Relief Fund	0	1,038,000	2,077,000
Taconite School Aid Fund:			
Reduction in local revenues	0	513,000	1,026,000
Reduction in total revenues	0	1,026,000	2,056,000
		<hr/>	<hr/>
Total	0	\$2,997,000	\$5,997,000

1. Based on Calendar year of payment

SOURCE: Reserve Mining, Company; Minnesota Department of Revenue;  
Graven and Associates; Arrowhead Regional Development Commission



TABLE 7

Loss of Revenues to Counties  
Municipalities on school districts  
in which Reserve facilities are located.  
(Based on 1976 payments)

	<u>1977<sup>1</sup></u>	<u>1978<sup>1</sup></u>	<u>1979<sup>1</sup></u>
Taconite Production Taxes	\$ 0	\$1,091,000	\$2,182,000
Taconite Railroad Tax	776,000	1,553,000	1,553,000
Ad Valorum Taxes	0	0	0
Babbitt School Taxes	<u>53,000</u>	<u>183,000</u>	<u>183,000</u>
Total	\$ 829,000	\$2,827,000	\$3,918,000

1. Based on calendar year of payment

Source: Reserve Mining Company; Minnesota Department of Revenue;  
Graven and Associates; Arrowhead Regional Development Commission

TABLE 8

IMPACT OF RESERVE CLOSING ON  
CITY OF SILVER BAY AND BABBITT SCHOOL DISTRICT  
AS ILLUSTRATION OF LOCAL IMPACT

(BASED ON 1976 TAXES)

	<u>Loss of Revenues</u>		
	<u>1977</u>	<u>1978</u>	<u>1979</u>
<u>Silver Bay:</u>			
Taconite Production Tax	-0-	\$ 61,000	\$122,000
Taconite Railroad Tax	\$ 75,000	150,000	150,000
Taconite Municipal Aids <sup>2</sup>	-0-	15,500	31,000
Taconite Property Tax Relief <sup>2</sup>	-0-	14,000	28,000
	<hr/>	<hr/>	<hr/>
Total	\$ 75,000	\$240,500	\$331,000
 <u>Babbitt School District:</u>			
Taconite Production Tax	\$ -0-	\$123,000	\$246,000
Taconite Railroad Tax	204,000	408,000	408,000
School Bond Tax	53,000	183,000	183,000
Taconite School Fund	-0-	19,000	38,000
Taconite Property Tax Relief	-0-	24,000	48,000
	<hr/>	<hr/>	<hr/>
Total	\$257,000	\$757,000	\$923,000

1. Based on calendar year of payment.
2. Assumes that Silver Bay would remain in "taconite relief area" even after Reserve closes. After 1978, this would depend upon a closed plant being considered a "processing plant" or if the power plant continued to be used for taconite processing.

Source: Reserve Mining Company; Minnesota Department of Revenue; Graven and Associates; Arrowhead Regional Development Commission.

## G. ADMINISTRATION OF STATE AND FEDERAL ASSISTANCE

The Economic Development Administration's purpose for granting (Title IX Economic Development Act) the Arrowhead Regional Development Commission \$200,000 on November 15, 1976 was to develop federal and state strategies and recommendations for the alleviation of economic dislocation resulting from a Reserve Mining Company closure.

Under Title IX, the federal implementation role is limited to the authority in Title IX of the federal legislation. EDA responds to specific applications for implementation grants. The grants may be made for the following purposes: public facilities, public services, business development, planning, unemployment compensation, rent supplements, mortgage payment assistance, research, technical assistance, training, relocation of individuals, "and other appropriate assistance". Grants may be used for direct expenditure or through redistribution to public or private entities by sub-grants, loans, loan guarantees, etc. The Adjustment Strategy developed in the planning phase affects grants, in that applications for grants must relate to a specific need or activity outlined in the Strategy.

Included in these strategies will be the identification of capital investments in the public and private sector that would lead to the overall goal of stabilizing the distressed local economy. The identification of these investments in the ARDC strategy will facilitate the expenditure of EDA Title IX funds for these purposes. A fundamental goal of ARDC is the creation of a federally funded development bank with a revolving fund to help finance those capital investments and other funding deemed appropriate to meet the overall goals of the project.

It is recommended that the administration of state and federal assistance should proceed along the lines of two separate, designated entities:

(1) In the event of the severe economic dislocation, the State of Minnesota should be prepared to meet these emergencies. We recommend the designation of an office of economic emergency be created either by new legislation or pursuant to Executive Council powers in MSA Chapter 9. The purpose of this office would be to locate in one individual or entity responsibility to coordinate all applicable state agency assistance and other state program assistance. It must yet be determined whether this office would respond only to this particular emergency, or if it would be an established office preparing to respond to any designated state economic emergency.

(2) Federal assistance, primarily from funds available under Title IX of the Economic Development Act, should likewise be coordinated by a single, designated entity. This entity must  
1) be empowered to respond to designated economic dislocations as described in EDA guidelines, 2) be authorized to earn interest on development bank and revolving loan funds, repayment of which will be made to the entity for further disbursement. Administration of the federal funds also include disbursements for specific use - i.e. family relocation assistance, and those uses outlined in the prepared economic adjustment strategy. Local input must be required.

COMMUNITY PROFILES

Silver Bay

Babbitt

Ely

Two Harbors

COMMUNITY PROFILE

OF

Silver Bay, Minnesota

- |                                   | <u>1970</u><br><u>Census</u>  | <u>Latest</u><br><u>Estimate/Year</u> | <u>Source</u>                              |
|-----------------------------------|---|---------------------------------------|--|
| A. Population:                    | 3,504   | 3,431 (1973)                          | Census Bureau, CPR-Series<br>P-25, No. 568 |
| B. Form of Government:            | Plan A; Weak-mayor council, plus appointed clerk,<br>treasurer and fourth councilman. |                                       |  |
| C. Per Capita Income/Year/Source: | \$3,333 (1972)  |                                       |  |
| D. Major Employers:               | Reserve Mining Company.   |                                       |  |
| E. Employment by Industry:        |   |                                       |  |

	<u>1960</u>	<u>1970</u>
Agriculture, Forestry, Fisheries	0	0
Mining	829	691
Construction	6	20
Manufacturing:		
Durable goods	0	5
Non-durable goods	9	37
Transportation, Communications, and Public Utilities	11	40
Wholesale and Retail Trade	78	127
Finance, Insurance & Real Estate	21	5
Business & Repair Services	0	0
Personal Services	76	31
Entertainment & Recreation Services	0	3
Professional & Related Services	72	116
Public Administration	31	22
Industry not report	15	18
TOTAL	1148	1115

Source: U.S. Department of Commerce, Bureau of the Census

F. Census of Business Data:

Retail Trade:

	Silver Bay <u>City</u>	Lake <u>County</u>
Number of Establishments,		
Total, all establishments	26	147
Number with payroll	16	95
Total Sales, (\$1,000)		
Total, all establishments	4253	23159
Number with payroll	4107	21905
Number of establishments operated by unincorporated businesses,		
Sole proprietorships	13	90
Partnerships	2	8
Payroll, (\$1,000)		
Entire Year	473	2195
First quarter, 1972	104	504
Paid employees for week including March 12	115	464

Wholesale Trade:

Number of Establishments	NA	9
Total Sales (\$1,000)	NA	1983
Inventories, end of year, 1972 (\$1,000)	NA	163
Payroll, (\$1,000)		
Entire year	NA	127
First Quarter	NA	42
Paid employees for week including March 12	NA	25
Merchant Wholesalers,		
Number of establishments	NA	6
Sales	NA	(D)
Other Operating types		
Number of establishments	NA	3
Sales	NA	(D)

Selected Services:	<u>Silver Bay City</u>	<u>Lake County</u>
Number of Establishments,		
All establishments	26	113
Number with payroll	8	45
Total Receipts, (\$1,000)		
All establishments	394	1961
Number with payroll	273	1414
Number of establishments operated by unicorporated businesses,		
Sole proprietorships	22	83
Partnerships	1	13
Establishments with payroll,		
Payroll, (\$1,000)		
Entire Year	70	283
First Quarter, 1972	12	44
Paid employees for week including March 12 25		59

Source: U.S. Department of Commerce, Bureau of the Census.

G. Sales and Use Tax Data:

<u>Period</u>	<u>Gross Sales</u>	<u>Number of Filers</u>
Annual,		
1970	\$4,333,769	50
1971	5,396,080	58
1972	6,404,427	53
1973	7,369,838	52
1974	7,633,794	62
1975	10,631,035	63
Quarterly,		
1975-		
First	2,318,837	43
Second	2,675,038	43
Third	2,990,415	45
Fourth	2,646,745	50
1976 -		
First	2,478,258	38
Second	2,798,350	44
Third	2,673,644	42

Source: Minnesota Department of Revenue



H. Traffic Data:

	<u>Location</u>	<u>Vehicle Count</u>	<u>Date</u>
Origin-Destination (O-D) Study	None	---	---
Traffic Count	TH 61, Lake and St. Louis County Line	3,578	1975 ADT

Source: Minnesota Department of Transportation

I. Banking Date: (thousands of dollars)

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Debits	NA	NA	26066	23424	22544	24784	27112	26476	28751
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>		
Debits	32191	34355	36553	38432	44344	50271	58166		

Source: Federal Reserve Bank of Minneapolis, 9th District.

Savings Deposits in the First Northwestern State Bank of Silver Bay  
(as of December 31, in \$000's)

	<u>Total Deposits</u>	<u>Individuals, Partnerships, Corporations Time Deposits*</u>
1963	1,1934	696
1966	2,624	904
1968	2,950	1,266
1969	3,234	1,322
1970	3,457	1,542
1971	4,764	2,024
1972	4,212	2,264
1973	4,471	2,528
1974	5,270	3,203
1975	6,450	4,221
Average Annual Increase 1963-1975 (\$000's)	376	294
Annual Increase 1974-1975 (\$000's)	1,180	1,018

\*Does not include  
Governmental Deposits.

Source: Federal Reserve Bank of Minneapolis, 9th District

J. DEMOGRAPHIC PROFILE: Silver Bay

Source: 1970 U.S. Census of  
Population

Total Population: 3,504

Total Number of Families: 813

Number of Persons per Family: 4.24

Number of Persons per Household: 4.16

Total Number of Housing Units: 872

Number of occupied and vacant year-round  
housing units by type of structure:

	<u>Number</u>	<u>Percent</u>
1-unit structure	820	94.0
2-or-more units	45	5.2
Mobile home or trailers (occupied)	7	.8
TOTAL	872	100.0

Age and Sex:

Age Group:	<u>Number of Persons</u>			<u>Percent Distribution</u>		
	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
Under 5 years	154	157	311	8.7	9.1	8.9
5	33	33	66	1.9	1.9	1.9
6	52	43	95	2.9	2.5	2.7
7-9	158	153	311	8.9	8.8	8.9
10-13	243	245	488	13.7	14.1	13.9
14	65	53	118	3.7	3.1	3.4
15	57	53	110	3.2	3.1	3.1
16	52	62	114	2.9	3.6	3.3
17	52	56	108	2.9	3.2	3.1
18	32	28	60	1.8	1.6	1.7
19	14	9	23	.8	.5	.7
20	7	12	19	.4	.7	.5
21	5	12	17	.3	.7	.5
22-24	43	56	99	2.4	3.2	2.8
25-34	205	250	455	11.6	14.4	13.0
35-44	289	265	544	16.3	15.3	15.8
45-54	210	170	380	11.9	9.8	10.8
55-59	62	44	106	3.5	2.5	3.0
60-61	9	11	20	.5	.6	.6
62-64	11	9	20	.6	.5	.6
65-74	12	9	21	.7	.5	.6
75 and over	5	4	9	.3	.2	.3
TOTAL	1770	1734	3504	100.0	100.0	100.0

Number of Persons by Race:	<u>Pct.</u>
White	3491 99.6
Indian	7 .2
Other spec.	2 .1
Negro	2 .1
Reported Other	2 .1

J. Demographic Profile continued, Silver Bay

Average Family Income: \$11,321

Average Family Income of  
Families with a Female Head: \$4,645

Average Income of Unrelated Individuals 14 years old and over: \$4,314

Average Income of Persons 14 Years Old and Over, by Sex:

Male: \$7,456

Female: \$960

Total: \$4,266

Number of Families by Ratio of Income to Poverty Level:

	<u>Number</u>	<u>Percent</u>	<u>Percent Accumulated</u>
Under .50	10	1.2	1.2
.50 - .74	6	.7	1.9
.75 - .99	0	0	1.9
1.00 - 1.24	5	.6	2.5
1.25 - 1.49	30	3.7	6.2
1.50 - 1.99	148	18.2	24.4
2.00 - 2.99	324	40.0	64.4
3.00 or More	288	35.5	99.9
Total	811	100.00	

Civilian Labor Force Status  
of Persons 16+ Years Old and Over by Sex:

	<u>Male</u>	<u>Female</u>	<u>Total</u>
Employed	836	242	1078
Unemployed	16	45	61
Labor Force	852	287	1139
Pct. Unemployed	1.9	15.7	5.4

Working Wives 16+ Years and Over, Married, Husband Present,  
in Labor Force, by present of Own Children Under 18 Years:

	<u>No.</u>	<u>Pct.</u>
No. with children under 6 years	42	20.6
No. with children 6-17 years only	106	52.0
No. with no children under 18 years	56	27.5
Total	204	100.0

J. Demographic Profile continued, Silver Bay

High School Dropouts 16-21 Yrs Old, Not Enrolled in School,  
by Employment Status and Sex:

	<u>Male</u>	<u>Female</u>	<u>Total</u>
Employed or in Armed Forces	0	0	0
Unemployed or not in Labor Force	0	9	9
Totals	0	9	9

Persons 25+ Years Old by School Years Completed:

	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Percent</u>
None	0	5	5	.3
Elementary	103	33	136	8.8
High School	468	520	988	64.1
College	221	192	413	26.8
Total, 25+ Years	792	750	1542	100.00

Number of Persons 5+ Years Old by Residence in 1965:

	<u>Number</u>	<u>Percent</u>
Same house	2176	70.9
Difference house, same county	410	13.4
Subtotal	2586	84.3
Total Persons 5+ years old	3067	100.0

Number of Persons by Nativity and Parentage:

	<u>Number</u>	<u>Percent</u>
Native	2882	86.4
Foreign Stock	454	13.6
Total	3336	100.0

COMMUNITY PROFILE  
OF  
BABBITT, MINNESOTA

	<u>1970</u> <u>Census</u>	<u>Latest</u> <u>Estimate/Year</u>	<u>Source</u>
A. Population:	3076	2,903 (1973)	Census Bureau, CPR-Series, P-25, No. 568
B. Form of Government:	Plan A; weak-mayor council; with appointed clerk, treasurer and fourth councilman		
C. Per Capita Income/Year/Source:	\$3,041 (1972)		
D. Major Employers:	Reserve Mining Company		
E; Employment by Industry:			

	<u>1960</u>	<u>1970</u>
Agriculture, Forestry, Fisheries	0	3
Mining	499	639
Construction	4	0
Manufacturing:		
Durable goods	3	6
Non-durable goods	7	19
Transportation, Communications, and Public Utilities	16	23
Wholesale and Retail Trade	60	69
Finance, Insurance & Real Estate	7	24
Business & Repair Services	0	15
Personal Services	8	7
Entertainment & Recreation Services	4	5
Professional & Related Services	72	140
Public Administration	4	25
Industry not reported	18	12
TOTAL	702	987

Source: U.S. Department of Commerce, Bureau of the Census

F. Census of Business Data:

Retail Trade:	Babbitt <u>City</u>	St. Louis <u>County</u>
Number of Establishments,		
Total, all establishments	31	2168
Number with payroll	18	1504
Total Sales, (\$1,000)		
Total, all establishments	3416	481736
Number with payroll	3335	464665
Number of establishments operated by unincorporated businesses,		
Sole proprietorships	18	1037
Partnerships	2	149
Payroll, (\$1,000)		
Entire Year	330	58735
First quarter, 1972	86	13774
Paid employees for week including March 12	109	13041
Wholesale Trade:		
Number of Establishments	INA	373
Total Sales (\$1,000)	INA	487112
Inventories, end of year, 1972	INA	52587
Payroll, (\$1,000)		
Entire year	INA	34284
First Quarter	INA	8388
Paid employees for week including March 12	INA	3911
Merchant Wholesalers--		
Number of establishments	INA	287
Sales	INA	393901
Other Operating types--		
Number of establishments	INA	86
Sales	INA	93211

Selected Services:	<u>Babbitt City</u>	<u>St. Louis County</u>
Number of Establishments,		
All establishments	20	1469
Number with payroll	4	643
Total Receipts,		
All establishments	205	74222
Number with payroll	65	66610
Number of establishments operated by unincorporated businesses,		
Sole proprietorships	16	975
Partnerships	-	83
Establishments with payroll,		
Payroll		
Entire Year	16	20020
First Quarter, 1972	2	4613
Paid employees for week including March 12	3	3962

Source: U.S. Department of Commerce, Bureau of the Census.

G. Sales and Use Tax Data:

<u>Period</u>	<u>Gross Sales</u>	<u>Number of Filers</u>
Annual,		
1970	\$ 9,908,371	66
1971	12,103,129	68
1972	10,735,748	68
1973	12,188,060	65
1974	13,001,588	68
1975	13,082,919	73
Quarterly,		
1975-		
First	\$ 3,211,723	51
Second	3,591,743	54
Third	3,513,984	58
Fourth	2,765,469	56
1976 -		
First	\$ 2,908,581	52
Second	2,955,096	55
Third	3,210,107	58

Source: Minnesota Department of Revenue

H. Traffic Data:

	<u>Location</u>	<u>Vehicle Count</u>	<u>Date</u>
Origin-Destination (O-D) Study	Ely	8293	1966
		(Summer week day)	
Traffic County	TH 61 (St. Louis/ Lake Co. Line)	3578	1975
	TH 1 (Finland)	369	(Annual ADT)

Source: Minnesota Department of Transportation

I. Banking Date: (thousands of dollars)

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Debits	NA	13990	15891	17038	18435	21387	22156	20990	22034
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>		
Debits	22586	24285	24233	24466	32694	37248	43829		

Source: Federal Reserve Bank of Minneapolis, 9th District.

Savings Deposits in First State Bank of Babbitt  
(as of December 31, in \$1,000's)

	<u>Total Deposits</u>	<u>Individuals, Partnerships, Corporations Time Deposits*</u>
1963	1,606	262
1966	2,060	547
1968	3,620	1,334
1969	3,619	1,490
1970	6,835	1,457
1971	6,360	1,537
1972	5,242	1,707
1973	4,920	2,163
1974	5,277	2,454
1975	5,899	2,980
Average Annual Increase 1963-1975 (\$000's)	358	227
Annual Increase 1974-1975 (\$000's)	622	526

\*Does not include governmental deposits

Source: Federal Reserve Bank of Minneapolis, 9th District.



J. DEMOGRAPHIC PROFILE: Babbitt

SOURCE: 1970 U.S. Census  
of Population

Total Population: 3076

Total Number of Families: 690

Number of Persons per Family: 4.38

Number of Persons per Household: 4.26

Total Number of Housing Units: 736

Number of occupied and vacant year-round  
housing units by type of structure:

	<u>No.</u>	<u>Pct.</u>
1-unit structure	694	94.4
2-or-more units	15	2.0
Mobile home or trailers (occupied)	26	3.5
TOTAL	735	100.0

Age and Sex:

	<u>Number of Persons</u>			<u>Percent Distribution</u>		
	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
Age Group:						
Under 5 years	135	146	281	8.6	9.7	9.1
5	49	33	82	3.1	2.2	2.7
6	53	38	91	3.4	2.5	3.0
7-9	150	125	275	9.5	8.3	8.9
10-13	200	211	411	12.7	14.1	13.4
14	47	49	96	3.0	3.3	3.1
15	41	57	98	2.6	3.8	3.2
16	46	56	102	2.9	3.7	3.3
17	38	34	72	2.4	2.3	2.3
18	35	18	53	2.2	1.2	1.7
19	25	10	35	1.6	.7	1.1
20	10	12	22	.6	.8	.7
21	10	10	20	.6	.7	.7
22-24	47	49	96	3.0	3.3	3.1
25-34	165	213	378	10.5	14.2	12.3
35-44	273	233	506	17.3	15.5	16.4
45-54	168	136	304	10.7	9.1	9.9
55-59	52	35	87	3.3	2.3	2.8
60-61	15	9	24	1.0	.6	.8
62-64	10	10	20	.6	.7	.7
65-74	3	8	11	.2	.5	.4
75 and over	3	9	12	.2	.6	.4
TOTAL	1575	1501	3076	100.0	100.0	100.0

Number of Persons by Race:	<u>Pct.</u>
White	99.8
Negro	0

J. Demographic Profile continued: Babbitt

	<u>No.</u>	<u>Pct.</u>
Indian	6	.2
Other spec.	0	0
Reported other	0	0

Average Family Income: \$10,736

Average Family Income of  
Families with a Female Head: \$5,410

Average Income of Unrelated Individuals 14 years old and over: \$6,428

Average Income of Persons 14 Years Old and Over, by Sex:

Male: \$6962

Female: \$1070

Total: \$4103

Number of Families by Ratio of Income to Poverty Level:

	<u>Number</u>	<u>Percent</u>	<u>Percent Accumulated</u>
Under .50	5	0.7	0.7
.50 - .74	0	0.0	0.7
.75 - .99	0	0.0	0.7
1.00 - 1.24	10	1.4	2.1
1.25 - 1.49	19	2.7	4.8
1.50 - 1.99	131	18.7	23.5
2.00 - 2.99	293	41.9	65.4
3.00 or More	242	34.6	65.4
Total	700	100.0	100.0

Civilian Labor Force Status

of Persons 16+ Years Old and Over by Sex:

	<u>Male</u>	<u>Female</u>	<u>Total</u>
Employed	757	225	982
Unemployed	11	4	15
Labor Force	768	229	997
Pct. Unemployed	1.4	1.8	1.5

Working Wives 16+ Years and Over, Married, Husband Present,  
in Labor Force, by present of Own Children Under 18 Years:

	<u>No.</u>	<u>Pct.</u>
No. with children under 6 years	68	37.6
No. with children 6-17 years only	88	48.6
No. with no children under 18 years	25	13.8
Total	181	100.0

J. Demographic Profile continued: Babbitt

High School Dropouts 16-21 Yrs Old, Not Enrolled in School,  
by Employment Status and Sex:

	<u>Male</u>	<u>Female</u>	<u>Total</u>
Employed or in Armed Forces	0	0	0
Unemployed or not in Labor Force	0	4	4
Totals	0	4	4

Persons 25+ Years Old by School Years Completed:

	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Percent</u>
None	5	0	5	.4
Elementary	121	83	204	15.0
High School	439	424	863	63.3
College	134	157	291	21.3
Total, 25+ Years	699	664	1363	100.0

Number of Persons 5+ Years Old by Residence in 1965:

	<u>Number</u>	<u>Percent</u>
Same house	1787	64.8
Difference house, same county	488	17.7
Subtotal	2275	82.5
Total Persons 5+ years old	2757	100.0

Number of Persons by Nativity and Parentage:

	<u>Number</u>	<u>Percent</u>
Native	2664	88.6
Foreign Stock	344	11.4
Total	3008	100.0

COMMUNITY PROFILE

OF

Ely, Minnesota

- |                                   | <u>1970</u><br><u>Census</u>  | <u>Latest</u><br><u>Estimate/Year</u> | <u>Source</u>                           |
|-----------------------------------|---|---------------------------------------|---|
| A. Population:                    | 4,904   | 4,944 (1973)                          | Census Bureau, CPR; Series P-25, No 568 |
| B. Form of Government:            | Plan A; Weak-Mayor Council, plus appointed Clerk, treasurer and fourth councilman.  |                                       |   |
| C. Per Capita Income/Year/Source: | \$3,003 (1972)  |                                       |   |
| D. Major Employers:               | Reserve Mining Co. (34% of employed persons are in mining industry), School district, Kainz Bros. Logging, City of Ely, County of St. Louis, U.S. Forest Service. |                                       |   |
| E; Employment by Industry:        |   |                                       |   |

	<u>1960</u>	<u>1970</u>
Agriculture, Forestry, Fisheries	5	21
Mining	643	524
Construction	85	72
Manufacturing:		
Durable goods	8	68
Non-durable goods	234	10
Transportation, Communications, and Public Utilities	108	45
Wholesale and Retail Trade	385	404
Finance, Insurance & Real Estate	55	26
Business & Repair Services	29	21
Personal Services	77	26
Entertainment & Recreation Services	9	4
Professional & Related Services	324	236
Public Administration	82	58
Industry not report	44	28
TOTAL	2088	1543

Source: U.S. Department of Commerce, Bureau of the Census

F. Census of Business Data:

Retail Trade:

	<u>Ely City</u>	<u>St. Louis County</u>
Number of Establishments,		
Total, all establishments	89	2168
Number with payroll	64	1504
Total Sales, (\$1,000)		
Total, all establishments	16080	481736
Number with payroll	15241	464665
Number of establishments operated by unincorporated businesses,		
Sole proprietorships	49	1037
Partnerships	5	149
Payroll, (\$1,000)		
Entire Year	1642	58736
First quarter, 1972	342	13774
Paid employees for week including March 12	391	13041

Wholesale Trade:

Number of Establishments	NA	373
Total Sales (\$1,000)	NA	487112
Inventories, end of year, 1972	NA	52587
Payroll, (\$1,000)		
Entire year	NA	34284
First Quarter	NA	8388
Paid employees for week including March 12	NA	3911
Merchant Wholesalers,		
Number of establishments	NA	287
Sales	NA	393901
Other Operating types		
Number of establishments	NA	86
Sales	NA	93211

Selected Services:	<u>City</u>	<u>County</u>
Number of Establishments,		
All establishments	90	1469
Number with payroll	31	643
Total Receipts,		
All establishments	2139	74222
Number with payroll	1679	66610
Number of establishments operated by unicorporated businesses,		
Sole proprietorships	73	975
Partnerships	4	83
Establishments with payroll,		
Payroll		
Entire Year	367	22020
First Quarter, 1972	72	4613
Paid employees for week including March 12	64	3962

Source: U.S. Department of Commerce, Bureau of the Census.

G. Sales and Use Tax Data:

<u>Period</u>	<u>Gross Sales</u>	<u>Number of Filers</u>
Annual,		
1970	\$13,575,047	197
1971	\$15,277,198	196
1972	\$16,582,799	225
1973	\$20,170,257	231
1974	\$22,734,026	218
1975	\$25,232,065	227
Quarterly,		
1975-		
First	\$ 4,485,599	136
Second	\$ 6,317,072	179
Third	\$ 8,620,206	180
Fourth	\$ 5,809,188	167
1976 -		
First	\$ 5,390,606	136
Second	\$ 7,006,992	169
Third	\$ 9,232,175	178

Source: Minnesota Department of Revenue

H. Traffic Data:

	<u>Location</u>	<u>Vehicle Count</u>	<u>Date</u>
Origin-Destination (O-D) Study	Ely, U.S. 169, TH1	8,293	1966
Traffic Count	TH 1, near Finland	369	1975 ADT

Source: Minnesota Department of Transportation

I. Banking Date: (Thousands of dollars)

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Debits	NA	28379	29430	30031	32493	34337	36408	39229	40683
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>		
Debits	49006	58664	71744	79727	82395	84000	94905		

Source: Federal Reserve Bank of Minneapolis, 9th District.

Savings Deposits in First National Bank of Ely  
(as of December 31, in \$000's)

	<u>Total Deposits</u>	<u>Individuals, Partnerships, Corporations Time Deposits*</u>
1963	6,433	3,797
1966	6,492	3,778
1968	9,060	4,984
1969	9,153	4,785
1970	12,005	6,827
1971	13,222	8,146
1972	14,499	9,371
1973	16,448	11,305
1974	17,744	12,826
1975	20,660	15,201
Average Annual Increase 1963-1975 (\$000's)	1,186	950
Annual Increase 1974-1975	2,916	2,375

\*Does not include governmental deposits.

Source: Federal Reserve Bank of Minneapolis, 9th District

J. DEMOGRAPHIC PROFILE Ely

Source: 1970 U.S. Census  
of Population

Total Population: 4904

Total Number of Families: 1328

Number of Persons per Family: 3.31

Number of Persons per Household: 2.81

Total Number of Housing Units: 1809

Number of occupied and vacant year-round  
housing units by type of structure:

	<u>Number</u>	<u>Percent</u>
1-unit structure	1328	73.7
2-or-more units	410	22.7
Mobile home or trailers (occupied)	65	3.6
TOTAL	1803	100.0

Age and Sex:

	<u>Number of Persons</u>			<u>Percent Distribution</u>		
	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
Age Group:						
Under 5 years	173	158	331	7.1	6.4	6.7
5	32	41	73	1.3	1.7	1.5
6	46	43	89	1.9	1.7	1.8
7-9	138	142	280	5.7	5.7	5.7
10-13	160	163	323	6.6	6.6	6.6
14	49	57	106	2.0	2.3	2.2
15	42	47	89	2.1	1.6	1.8
16	50	39	89	2.1	1.6	1.8
17	56	34	90	2.3	1.4	1.8
18	47	33	80	1.9	1.3	1.6
19	34	35	69	1.4	1.4	1.4
20	26	22	48	1.1	.9	1.0
21	26	21	47	1.1	.8	1.0
22-24	76	69	145	3.1	2.8	3.0
25-34	208	233	441	8.6	9.4	9.0
35-44	232	203	435	9.6	8.2	8.9
45-54	305	345	650	12.6	13.9	13.3
55-59	238	219	457	9.8	8.8	9.3
60-61	65	73	138	2.7	2.9	2.8
62-64	86	98	184	3.6	3.9	3.8
65-74	200	237	437	8.3	9.5	8.9
75 and over	132	171	303	5.5	6.9	6.2
TOTAL	2421	2483	4904	100.0	100.0	100.0

Number of Persons by Race:	<u>Pct.</u>
White	4895 99.8
Indian	5 .1
Negro	3 .1
Other spec.	1 .0
Reported Other	0 0



J. Demographic Profile continued, Ely

Average Family Income: \$8115

Average Family Income of  
Families with a Female Head: \$6593

Average Income of Unrelated Individuals 14 years old and over: \$3021

Average Income of Persons 14 Years Old and Over, by Sex:

Male: \$5140

Female: \$1269

Total: \$3167

Number of Families by Ratio of Income to Poverty Level:

	<u>Number</u>	<u>Percent</u>	<u>Percent Accumulated</u>
Under .50	14	1.1	1.1
.50 - .74	35	2.7	3.8
.75 - .99	37	2.8	6.6
1.00 - 1.24	96	7.4	14.0
1.25 - 1.49	102	7.8	21.8
1.50 - 1.99	197	15.1	36.9
2.00 - 2.99	418	32.1	69.0
3.00 or More	405	31.1	100.0
Total	1304	100.0	

Civilian Labor Force Status  
of Persons 16+ Years Old and Over by Sex:

	<u>Male</u>	<u>Female</u>	<u>Total</u>
Employed	1055	479	1534
Unemployed	108	56	164
Labor Force	1163	535	1698
Pct. Unemployed	9.3	10.5	9.7

Working Wives 16+ Years and Over, Married, Husband Present,  
in Labor Force, by present of Own Children Under 18 Years:

	<u>No.</u>	<u>Pct.</u>
No. with children under 6 years	49	15.5
No. with children 6-17 years only	126	39.7
No. with no children under 18 years	142	44.8
Total	317	100.0

J. Demographic Profile continued, Ely

High School Dropouts 16-21 Yrs Old, Not Enrolled in School,  
by Employment Status and Sex:

	<u>Male</u>	<u>Female</u>	<u>Total</u>
Employed or in Armed Forces	3	6	9
Unemployed or not in Labor Force	12	7	19
Totals	15	13	28

Persons 25+ Years Old by School Years Completed:

	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Percent</u>
None	17	34	51	1.7
Elementary	429	368	797	26.1
High School	734	870	1604	52.6
College	282	316	598	19.6
Total, 25+ Years	1462	1588	3050	100.0

Number of Persons 5+ Years Old by Residence in 1965:

	<u>Number</u>	<u>Percent</u>
Same house	3298	72.3
Difference house, same county	630	13.8
Subtotal	3928	86.1
Total Persons 5+ years old	4563	100.0

Number of Persons by Nativity and Parentage:

	<u>Number</u>	<u>Percent</u>
Native	2684	54.7
Foreign Stock	2219	45.3
Total	4903	100.0

COMMUNITY PROFILE

OF

Two Harbors, Minnesota

	<u>1970 Census</u>	<u>Latest Estimate/Year</u>	<u>Source</u>
A. Population:	4437	4424 (1973)	Census Bureau, CPR-Series P-25, No. 568
B. Form of Government:	Weak-Mayor-Council; with elected officials		
C. Per Capita Income/Year/Source:	\$3476 (1972)		
D. Major Employers:	Husky Hydraulics; DM&IR Railroad		
E. Employment by Industry:			

	<u>1960</u>	<u>1970</u>
Agriculture, Forestry, Fisheries	3	25
Mining	77	169
Construction	50	51
Manufacturing:		
Durable goods	5	88
Non-durable goods	32	25
Transportation, Communications, and Public Utilities	751	258
Wholesale and Retail Trade	286	314
Finance, Insurance & Real Estate	17	74
Business & Repair Services	8	5
Personal Services	88	46
Entertainment & Recreation Services	8	4
Professional & Related Services	238	323
Public Administration	48	105
Industry not report	20	70
TOTAL	1631	1557

Source: U.S. Department of Commerce, Bureau of the Census

F. Census of Business Data:

Retail Trade:

	<u>Two Harbors City</u>	<u>Lake County</u>
Number of Establishments,		
Total, all establishments	83	147
Number with payroll	59	95
Total Sales, (\$1,000)		
Total, all establishments	16438	23159
Number with payroll	15740	21905
Number of establishments operated by unincorporated businesses,		
Sole proprietorships	52	90
Partnerships	4	8
Payroll, (\$1,000)		
Entire Year	1532	2195
First quarter, 1972	356	504
Paid employees for week including March 12	288	464

Wholesale Trade:

Number of Establishments	INA	9
Total Sales (\$1000)	INA	1983
Inventories, end of year, 1972 (\$1,000)	INA	163
Payroll, (\$1,000)		
Entire year	INA	127
First Quarter	INA	42
Paid employees for week including March 12	INA	25
Merchant Wholesalers,		
Number of establishments	INA	6
Sales (\$1,000)	INA	D
Other Operating types		
Number of establishments	INA	3
Sales (\$1,000)	INA	D

D - withheld to avoid disclosure

Selected Services:	<u>Two Harbors City</u>	<u>Lake County</u>
Number of Establishments,		
All establishments	53	113
Number with payroll	18	45
Total Receipts,		
All establishments	662	1961
Number with payroll	389	1414
Number of establishments operated by unicorporated businesses,		
Sole proprietorships	42	83
Partnerships	7	13
Establishments with payroll,		
Payroll		
Entire Year	68	283
First Quarter, 1972	17	44
Paid employees for week including March 12	23	59

Source: U.S. Department of Commerce, Bureau of the Census.

G. Sales and Use Tax Data:

<u>Period</u>	<u>Gross Sales</u>	<u>Number of Filers</u>
Annual,		
1970	\$17,239,491	151
1971	21,736,062	159
1972	17,704,086	165
1973	21,892,508	164
1974	27,493,916	162
1975	27,941,569	158
Quarterly,		
1975-		
First	5,451,176	94
Second	8,562,152	117
Third	7,092,987	122
Fourth	6,835,254	129
1976 -		
First	6,687,137	98
Second	7,761,708	119
Third	8,664,671	123

Source: Minnesota Department of Revenue

H. Traffic Data:

	<u>Location</u>	<u>Vehicle Count</u>	<u>Date</u>
Origin-Destination (O-D) Study			
Traffic Count			

Source: Minnesota Department of Transportation

I. Banking Date:

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Debits	33701	37500	37994	38117	36208	41993	46834	52391	57587
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>		
Debits	60926	64963	69023	79170	84582	93630	99000		

Source: Federal Reserve Bank of Minneapolis, 9th District.

Savings Deposits in Two Harbors Banks  
(as of December 31, in \$000's)

	<u>Commercial State Bank</u>		**	<u>First National Bank</u>		**
	<u>Total Deposits</u>	<u>IPC Time* Deposits</u>		<u>Total Deposits</u>	<u>IPC Time* Deposits</u>	
1963	2,758	1,815		4,728	3,348	
1966	3,220	2,167		6,340	4,274	
1968	4,038	2,594		7,530	5,256	
1969	4,186	2,779		8,065	5,666	
1970	4,456	2,936		8,699	6,045	*Individuals
1971	4,697	3,265		9,983	6,610	Partnerships &
1972	5,273	3,601		11,359	7,501	Corporations.
1973	5,665	4,030		11,955	8,158	
1974	5,963	4,168		12,185	8,886	**Does not in-
1975	7,012	4,680		14,655	11,173	clude Govern-
Average Annual Increase 1963-1975 (\$000's)	355	239		827	652	mental deposit
Annual Increase 1974-1975 (\$000's)	1,049	512		2,470	2,287	

Source: Federal Reserve Bank of Minneapolis, 9th District

J. DEMOGRAPHIC PROFILE: Two Harbors

Source: 1970 U.S.  
Census of Population

Total Population: 4437

Total Number of Families: 1,144

Number of Persons per Family: 3.41

Number of Persons per Household: 2.84

Total Number of Housing Units: 1,617

Number of occupied and vacant year-round  
housing units by type of structure:

	Number	Percent
1-unit structure	1127	70.0
2-or-more units	458	28.4
Mobile home or trailers (occupied)	26	1.6
TOTAL	1611	100.0

Age and Sex:

Age Group:	Number of Persons			Percent Distribution		
	Male	Female	Total	Male	Female	Total
Under 5 years	158	152	310	7.4	6.6	7.0
5	39	30	69	1.8	1.3	1.6
6	28	34	62	1.3	1.5	1.4
7-9	116	139	255	5.4	6.0	5.7
10-13	185	186	371	8.7	8.1	8.4
14	51	50	101	2.4	2.2	2.3
15	43	49	92	2.0	2.1	2.1
16	48	43	91	2.3	1.9	2.1
17	49	45	94	2.3	1.9	2.1
18	36	34	70	1.7	1.5	1.6
19	25	29	54	1.2	1.3	1.2
20	25	30	55	1.2	1.3	1.2
21	28	26	54	1.3	1.1	1.2
22-24	72	70	142	3.4	3.0	3.2
25-34	211	206	417	9.9	8.9	9.4
35-44	203	231	434	9.5	10.0	9.8
45-54	223	251	474	10.5	10.9	10.7
55-59	149	149	298	7.0	6.5	6.7
60-61	59	67	126	2.8	2.9	2.8
62-64	67	72	139	3.1	3.1	3.1
65-74	176	217	393	8.3	9.4	8.9
75 and over	138	198	336	6.5	8.6	7.6
TOTAL	2129	2308	4437	100.0	100.0	100.0

Number of Persons by Race:	Pct.	
White	4413	99.5
Negro	0	0
Indian	20	.5
Other spec.	0	0
Reported Others	4	.1

J. Demographic Profile continued, Two Harbors

Average Family Income: \$9,247

Average Family Income of  
Families with a Female Head: \$4,571

Average Income of Unrelated Individuals 14 years old and over: \$3,170

Average Income of Persons 14 Years Old and Over, by Sex:

Male: \$5,637.00

Female: \$1,568.00

Total: \$3,55.00

Number of Families by Ratio of Income to Poverty Level:

	<u>Number</u>	<u>Percent</u>	<u>Percent Accumulated</u>
Under .50	21	1.9	1.9
.50 - .74	3	0.3	2.2
.75 - .99	11	1.0	3.2
1.00 - 1.24	30	2.7	5.9
1.25 - 1.49	56	5.0	10.9
1.50 - 1.99	209	18.7	29.6
2.00 - 2.99	355	31.8	61.4
3.00 or More	431	38.6	100.0
Total	1116	100.00	

Civilian Labor Force Status  
of Persons 16+ Years Old and Over by Sex:

	<u>Male</u>	<u>Female</u>	<u>Total</u>
Employed	993	544	1537
Unemployed	81	56	137
Labor Force	1074	600	1674
Pct. Unemployed	7.5	9.3	8.2

Working Wives 16+ Years and Over, Married, Husband Present,  
in Labor Force, by present of Own Children Under 18 Years:

	<u>No.</u>	<u>Pct.</u>
No. with children under 6 years	59	23.5
No. with children 6-17 years only	139	23.6
No. with no children under 18 years	178	42.9
TOTAL	376	100.0



J. Demographic Profile continued, Two Harbors

High School Dropouts 16-21 Yrs Old, Not Enrolled in School,  
by Employment Status and Sex:

	<u>Male</u>	<u>Female</u>	<u>Total</u>
Employed or in Armed Forces	4	0	4
Unemployed or not in Labor Force	4	0	4
Totals	8	0	8

Persons 25+ Years Old by School Years Completed:

	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Percent</u>
None	11	28	39	1.5
Elementary	397	335	732	28.1
High School	621	806	1427	54.7
College	213	197	410	15.7
Total, 25+ Years	1242	1366	2608	100.0

Number of Persons 5+ Years Old by Residence in 1965:

	<u>Number</u>	<u>Percent</u>
Same house	2619	63.4
Difference house, same county	780	19.0
Subtotal	3399	82.6
Total Persons 5+ years old	4113	100.0

Number of Persons by Nativity and Parentage:

	<u>Number</u>	<u>Percent</u>
Native	2892	65.2
Foreign Stock	1542	34.8
Total	4434	100.0