

Iron Range Resources and Rehabilitation

Projects Summary

(\$ in thousands)

Project Title	Rank Fund		Project Requests for State Funds			Gov's Rec	Gov's Planning Estimates	
			2020	2022	2024	2020	2022	2024
Water Line Replacement	1	GO	8,646	0	0	8,646	0	0
New Nordic Golf Facility	2	GO	11,844	0	0	0	0	0
New Aerial Chair Lift - Calgary	3	GO	3,188	0	0	0	0	0
Total Project Requests			23,678	0	0	8,646	0	0
General Obligation Bonds (GO) Total			23,678	0	0	8,646	0	0

mn.gov/irrb

AT A GLANCE

- Iron Range Resources & Rehabilitation invests in resources to foster vibrant growth and economic prosperity in northeastern Minnesota: enhancing livable communities; maximizing collaborations and partnerships; and, strengthening businesses and worker education.
- The Department of Iron Range Resources and Rehabilitation differs from other state agencies in that it operates on an annual budget that is established by the commissioner and approved by a nine-member board and the Governor.
- The agency is primarily funded by a portion of local taconite production taxes paid by mining companies on each ton of iron ore pellets or concentrates produced.
- Production taxes are paid by mining companies in lieu of local property taxes.
- The agency reinvests its income in businesses, cities and townships in a service area comprised of 13,000 square-miles of northeastern Minnesota.

PURPOSE

Established in 1941, the Department of Iron Range Resources and Rehabilitation was created to diversify the economy within a region largely dependent on the removal of minerals (iron ore and taconite) and other natural resources.

IRRR supports the following statewide outcomes:

- **A thriving economy that encourages business growth and employment opportunities**
- **Strong and stable families and communities**
- **Minnesotans have the education and skills needed to achieve their goals**

STRATEGIES

- Iron Range Resources and Rehabilitation conducts business retention and expansion and recruits businesses from outside the area who may be considering expanding or relocating. The agency works individually with business clients to customize financial assistance packages that meet business goals and objectives. The agency also collaborates with funding partners – other businesses, banks, and economic development organizations to leverage capital and regional resources.
- The agency provides grants to local units of government and non-profits that contribute to stable, livable and healthy communities.
- The agency provides grants for innovative education and workforce development initiatives that address workforce skills needed by business and industry.
- The agency invests in development and infrastructure at Giants Ridge to increase the economic impact of the facility and enhance the quality of life for visitors and area residents.

M.S. 298.22 provides the legal authority for the Department of Iron Range Resources & Rehabilitation.

AT A GLANCE

The Department of Iron Range Resources & Rehabilitation is an economic development agency that invests resources to foster vibrant growth and economic prosperity in northeastern Minnesota by enhancing livable communities, maximizing collaborations and partnerships and strengthening businesses and worker education. Agency strategic priorities include:

- Providing grants to local units of government and nonprofits that contribute to stable, livable and healthy communities and leveraging funding in foundational assets and community infrastructure that improve, replace and modernize for future growth.
- Recruiting targeted industries to the region to increase economic growth and tailoring financing solutions with partners that meet individual business retention and expansion needs.
- Providing grants for innovative education and workforce development initiatives that address regional business and industry workforce needs.
- Investing in development and infrastructure at Giants Ridge to increase the economic impact of the facility and enhance the quality of life for visitors and area residents.

Fostering economic development and promoting tourism are statutory authorities for the agency. Foundational asset investments made at Giants Ridge have strengthened the region's tourism economy, generating \$43 million in economic impact in 2016 with projected impacts in the next 10 years reaching \$65 million.

Factors Impacting Facilities or Capital Programs

The three projects in this request exceed the agency's annual capital improvement resources. The agency's budget is funded by taconite production taxes paid by local mining companies, an income stream that is subject to volatility. When taconite production decreases, as it has due to industry contractions over the last few years, agency resources also decline. State bond funds can assist in keeping the development master plan at Giants Ridge on track.

The new construction, infrastructure replacement and enhanced recreation development at Giants Ridge aligns with the agency's strategy to invest and leverage its assets for regional impact. The projects are located in an economically distressed region of the state. Giants Ridge serves over 129,000 people each year, youth and adults, residents and visitors. The investments include a new Nordic Golf Facility, waterline replacement for snowmaking, and a new aerial lift. These projects are the next steps in the Giants Ridge core area master plan that improve existing infrastructure and increase multi-season recreation opportunities, a key strategy for market share. Over \$60 million in public investment has been made at Giants Ridge since the 1980s. Expanding, replacing and improving those original resources ensures continued business growth for one of the east Iron Range's largest employers. The projects improve technology, performance, safety and the capacity of facilities that serve audiences all year.

Self-Assessment of Agency Facilities and Assets

The agency annually allocates capital improvement funds in its operating budget for facilities in Eveleth, Chisholm and Biwabik. The \$23.6 million in this bonding request for Giants Ridge exceeds typical allocations of \$500,000 – \$2 million a year for the three agency facilities.

The agency assesses needs based on health and safety, preservation and public use. The Nordic Golf Facility and the aerial lift address safety and public use priorities. The Nordic Golf Facility project separates the customer and maintenance functions into two different facilities, removing safety concerns and improving the staging capacity

and services for customers and events. The aerial lift replaces an aging lift with improved speed, capacity, efficiency and safety features; the water line and snowmaking improvements replace systems that are insufficient to deliver timely snowmaking on the mountain.

Agency Process for Determining Capital Requests

The agency is implementing strategies to keep Giants Ridge competitive while improving revenues and managing expenses. Replacing aging infrastructure, equipment and facilities improves efficiency and operational costs while offering high quality recreational experiences to destination tourism visitors and regional residents. Recent improvements at Giants Ridge include a \$13 million event center and chalet that opened in 2016, one high speed aerial chair lift and one fixed grip lift installed in 2017. The new lifts replaced two of the mountain's five original chair lifts.

Major Capital Projects Authorized in 2018 and 2019

The agency did not receive capital appropriations in the 2018 and 2019 legislative sessions.

Water Line Replacement**AT A GLANCE****2020 Request Amount:** \$8,646**Priority Ranking:** 1**Project Summary:** \$8.6 million in state funds is requested to upgrade, construct, and support a new infrastructure system for the snow making process at Giants Ridge. The project provides efficiencies and upgraded technologies for piping systems and snow gun enhancements.**Project Description**

- Upgrade infrastructure for snow making capabilities
- Replace failing underground infrastructure
- Provide automation technology for operations
- Increase pipe capacity for efficient operations
- Enhance safety on the hill during snow making operations

Project Rationale

The project will provide adequate stability and capacity for the snow making lines and system for the next 30 years. Other impacts of the project include:

- Increased revenue based on having beginner runs open early and for Christmas break
- Having 75 percent of the winter operations open for Christmas break has a large impact on early season revenue. Having this system in place will make that goal more attainable on a year to year basis
- Ability to make more snow during marginal early season conditions. Important as weather has been trending warmer for the month of November and early December over the last 10 years making it harder to open
- Ability to use existing fleet of snow guns on other runs
- Reduced labor costs due to the automation of the snow guns
- Potential to save \$30,000 to \$40,000 a year on labor and energy savings
- Ability to maximize the pump station to capacity reducing overall energy consumption and costs

Project Timeline

This project will occur over multiple years to accommodate business operations and seasonal impacts.

Funding Approved: 2020

Construction Start: 2021

Final Construction: 2023

Other Considerations

The current pipeline for the hill resides on the main runs. The piping was installed 30 years ago. A total failure of a water line(s) is likely in the next few years due to the age and current conditions of the pipes. This would have an effect on the economic impact for the region for businesses that depend upon skier traffic for revenue for their local small businesses. Giants Ridge has a \$43 million impact to local and surrounding communities.

Impact on Agency Operating Budgets

This project will increase the capacity of the water lines for the snowmaking system for winter ski operations; and, with more snow product earlier in season, increase visitors and revenue.

Description of Previous Appropriations

N/A

Project Contact Person

Linda Johnson
Admin Mgmt Director 1
218-969-9022
linda.l.johnson@state.mn.us

Governor's Recommendation

The Governor recommends \$8.646 million in general obligation bonds for this request.

Iron Range Resources and Rehabilitation

Project Detail

(\$ in thousands)

Water Line Replacement

PROJECT FUNDING SOURCES

Funding Source	Prior Years	FY 2020	FY 2022	FY 2024
State Funds Requested				
General Obligation Bonds	\$ 0	\$ 8,646	\$ 0	\$ 0
Funds Already Committed				
Pending Contributions				
TOTAL	\$ 0	\$ 8,646	\$ 0	\$ 0

TOTAL PROJECT COSTS

Cost Category	Prior Years	FY 2020	FY 2022	FY 2024
Property Acquisition	\$ 0	\$ 0	\$ 0	\$ 0
Predesign Fees	\$ 0	\$ 0	\$ 0	\$ 0
Design Fees	\$ 0	\$ 140	\$ 0	\$ 0
Project Management	\$ 0	\$ 15	\$ 0	\$ 0
Construction	\$ 0	\$ 7,735	\$ 0	\$ 0
Relocation Expenses	\$ 0	\$ 0	\$ 0	\$ 0
One Percent for Art	\$ 0	\$ 0	\$ 0	\$ 0
Occupancy Costs	\$ 0	\$ 110	\$ 0	\$ 0
Inflationary Adjustment	\$ 0	\$ 646	\$ 0	\$ 0
TOTAL	\$ 0	\$ 8,646	\$ 0	\$ 0

IMPACT ON STATE OPERATING COSTS

Cost Category	FY 2020	FY 2022	FY 2024
IT Costs	\$ 0	\$ 0	\$ 0
Operating Budget Impact (\$)	\$ 0	\$ 0	\$ 0
Operating Budget Impact (FTE)	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS

	Amount	Percent of Total
General Fund	\$ 8,646	100 %
User Financing	\$ 0	0 %

STATUTORY REQUIREMENTS

The following requirements will apply to projects after adoption of the bonding bill.

Is this project exempt from legislative review under M.S. 16B.335 subd. 1a?	Yes
Predesign Review (M.S. 16B.335 subd. 3):	
Does this request include funding for predesign?	No
Has the predesign been submitted to the Department of Administration?	N/A
Has the predesign been approved by the Department of Administration?	N/A
Will the project design meet the Sustainable Building Guidelines under M.S. 16B.325?	N/A
Will the project designs meet applicable requirements and guidelines for energy conservation and alternative energy sources (M.S. 16B.335 subd. 4 and 16B.32)?	N/A
Have Information Technology Review Preconditions been met (M.S. 16B.335 subd. 5 & 6 and 16E.05 subd. 3)?	N/A
Will the project comply with the targeted group purchasing requirement (M.S. 16C.16 subd. 13)?	Yes
Will the project meet public ownership requirements (M.S. 16A.695)?	Yes
Will a use agreement be required (M.S. 16A.695 subd. 2)?	No
Will program funding be reviewed and ensured (M.S. 16A.695 subd. 5)?	Yes
Will the matching funds requirements be met (M.S. 16A.86 subd. 4)?	N/A
Will the project be fully encumbered prior to the Cancellation Deadline (M.S. 16A.642): December 31, 2024?	Yes
M.S. 16A.502 and M.S. 16B.31 (2): Full Funding Required	Yes
M.S. 473.4485: Guideway Project	
Is this a Guideway Project?	N/A
Is the required information included in this request?	N/A

New Nordic Golf Facility**AT A GLANCE****2020 Request Amount:** \$11,844**Priority Ranking:** 2**Project Summary:** \$11.8 million in state funds is requested to design, construct, furnish and equip two new buildings for Iron Range Resources and Rehabilitation at Giants Ridge in Biwabik.**Project Description**

Construct a new Nordic Center/Golf Facility and Maintenance Facility including:

- 8,000 sf. building with a locker room, changing room, restroom facilities, meeting space, office space and snack bar. The building will also house a new golf shop for a golf course in same location. The facility plays host to the MN State High School Nordic Championship and hosts the largest high school Nordic event – Mesabi East - in the county. Additionally, the facility hosts the Pepsi Challenge Nordic event and many High School sectional golf events.
- 6,000 sf. maintenance facility to provide a safe and efficient work and storage space for the golf course facility.

Project Rationale

This project will provide adequate and safe spaces for Nordic skiers, golfers, bikers, and employees. It will provide for a much better overall experience and creates the potential to grow additional events within the recreation area and surrounding communities. The project:

- Separates the customers from the current maintenance facility which is over 30 years old
- Provides a safer environment for the Nordic skiers who participate in events currently utilizing the maintenance facility and provides additional space
- Locates the Nordic skiers closer to the trails
- Maintenance facility is within the Nordic and golf campus and is a safety risk with heavy equipment and deliveries arriving at the same location
- Creates a better arrival into the property for guests
- Provides for an updated maintenance facility that will be energy efficient and secure

Project Timeline

This project will occur over multiple years to accommodate business operations – seasonal impacts.

Funding Approved: 2020

Construction Start: 2021

Final Construction: 2024

Other Considerations

Giants Ridge currently generates \$43 million annually to the local economy. The facility is located in an economically distressed region of the state. The project attracts tourism dollars into the local

economy and diversifies employment opportunities for the regional workforce. It also supports healthy communities within the region and the state.

Impact on Agency Operating Budgets

The construction will provide for energy efficient buildings that will help to reduce the carbon footprints of the buildings. New energy systems enhance efficiencies to the current buildings, which reduce expenses associated with the physical plant operations. It will help to increase the opportunity to advance the region as a quality location for athletic competitions for both Nordic and golf events.

Description of Previous Appropriations

N/A

Project Contact Person

Linda Johnson
Admin Mgmt Director 1
218-969-9022
linda.l.johnson@state.mn.us

Governor's Recommendation

The Governor does not recommend capital funding for this request.

Iron Range Resources and Rehabilitation

Project Detail

(\$ in thousands)

New Nordic Golf Facility

PROJECT FUNDING SOURCES

Funding Source	Prior Years	FY 2020	FY 2022	FY 2024
State Funds Requested				
General Obligation Bonds	\$ 0	\$ 11,844	\$ 0	\$ 0
Funds Already Committed				
Other State Funds	\$ 168	\$ 0	\$ 0	\$ 0
Pending Contributions				
TOTAL	\$ 168	\$ 11,844	\$ 0	\$ 0

TOTAL PROJECT COSTS

Cost Category	Prior Years	FY 2020	FY 2022	FY 2024
Property Acquisition	\$ 0	\$ 0	\$ 0	\$ 0
Predesign Fees	\$ 35	\$ 0	\$ 0	\$ 0
Design Fees	\$ 133	\$ 870	\$ 0	\$ 0
Project Management	\$ 0	\$ 565	\$ 0	\$ 0
Construction	\$ 0	\$ 9,061	\$ 0	\$ 0
Relocation Expenses	\$ 0	\$ 0	\$ 0	\$ 0
One Percent for Art	\$ 0	\$ 0	\$ 0	\$ 0
Occupancy Costs	\$ 0	\$ 463	\$ 0	\$ 0
Inflationary Adjustment	\$ 0	\$ 885	\$ 0	\$ 0
TOTAL	\$ 168	\$ 11,844	\$ 0	\$ 0

IMPACT ON STATE OPERATING COSTS

Cost Category	FY 2020	FY 2022	FY 2024
IT Costs	\$ 0	\$ 0	\$ 0
Operating Budget Impact (\$)	\$ 0	\$ 0	\$ 0
Operating Budget Impact (FTE)	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS

	Amount	Percent of Total
General Fund	\$ 11,844	100 %
User Financing	\$ 0	0 %

STATUTORY REQUIREMENTS

The following requirements will apply to projects after adoption of the bonding bill.

Is this project exempt from legislative review under M.S. 16B.335 subd. 1a?	No
Predesign Review (M.S. 16B.335 subd. 3):	
Does this request include funding for predesign?	No
Has the predesign been submitted to the Department of Administration?	N/A
Has the predesign been approved by the Department of Administration?	N/A
Will the project design meet the Sustainable Building Guidelines under M.S. 16B.325?	Yes
Will the project designs meet applicable requirements and guidelines for energy conservation and alternative energy sources (M.S. 16B.335 subd. 4 and 16B.32)?	Yes
Have Information Technology Review Preconditions been met (M.S. 16B.335 subd. 5 & 6 and 16E.05 subd. 3)?	N/A
Will the project comply with the targeted group purchasing requirement (M.S. 16C.16 subd. 13)?	
Will the project meet public ownership requirements (M.S. 16A.695)?	Yes
Will a use agreement be required (M.S. 16A.695 subd. 2)?	No
Will program funding be reviewed and ensured (M.S. 16A.695 subd. 5)?	Yes
Will the matching funds requirements be met (M.S. 16A.86 subd. 4)?	Yes
Will the project be fully encumbered prior to the Cancellation Deadline (M.S. 16A.642): December 31, 2024?	Yes
M.S. 16A.502 and M.S. 16B.31 (2): Full Funding Required	Yes
M.S. 473.4485: Guideway Project	
Is this a Guideway Project?	Yes
Is the required information included in this request?	Yes

New Aerial Chair Lift - Calgary**AT A GLANCE****2020 Request Amount:** \$3,188**Priority Ranking:** 3**Project Summary:** \$3.2 million in state funds is requested to construct a new aerial chair lift.**Project Description**

The new infrastructure will replace an aging chair lift that provides transport to the top of the ski, bike and hiking areas.

Project Rationale

The project will provide reliable and safe transportation to the top of the ski/hiking/biking area. Additionally, impacts include:

- Project will add additional uphill capacity.
- An aerial lift will provide a safe and dependable ride for customers.
- Improved safety monitoring with new technologies
- Safety retention bars will be required.
- Increased operator efficiencies
- Provides greater lift capacity (skier per hour)

Project Timeline

This project will occur over multiple years to accommodate business operations – seasonal impacts.

Funding Approved: 2020

Construction Start: 2021

Final Construction: 2021

Other Considerations

Economic impacts for Giants Ridge on the local economy are \$43 million. The project is located in an economically distressed area of the East Iron Range. The facility is the host site to 11 Alpine and multiple Nordic events annually serving 4,000 plus participants. Over 50% are alpine related.

Impact on Agency Operating Budgets

There is a potential for reduction in labor and spare parts spent on fixing old infrastructure.

Description of Previous Appropriations

N/A

Project Contact Person

Linda Johnson

Admin Mgmt Director 1

218-969-9022
linda.l.johnson@state.mn.us

Governor's Recommendation

The Governor does not recommend capital funding for this request.

Iron Range Resources and Rehabilitation

Project Detail

(\$ in thousands)

New Aerial Chair Lift - Calgary

PROJECT FUNDING SOURCES

Funding Source	Prior Years	FY 2020	FY 2022	FY 2024
State Funds Requested				
General Obligation Bonds	\$ 0	\$ 3,188	\$ 0	\$ 0
Funds Already Committed				
Pending Contributions				
TOTAL	\$ 0	\$ 3,188	\$ 0	\$ 0

TOTAL PROJECT COSTS

Cost Category	Prior Years	FY 2020	FY 2022	FY 2024
Property Acquisition	\$ 0	\$ 0	\$ 0	\$ 0
Predesign Fees	\$ 0	\$ 0	\$ 0	\$ 0
Design Fees	\$ 0	\$ 350	\$ 0	\$ 0
Project Management	\$ 0	\$ 250	\$ 0	\$ 0
Construction	\$ 0	\$ 2,350	\$ 0	\$ 0
Relocation Expenses	\$ 0	\$ 0	\$ 0	\$ 0
One Percent for Art	\$ 0	\$ 0	\$ 0	\$ 0
Occupancy Costs	\$ 0	\$ 0	\$ 0	\$ 0
Inflationary Adjustment	\$ 0	\$ 238	\$ 0	\$ 0
TOTAL	\$ 0	\$ 3,188	\$ 0	\$ 0

IMPACT ON STATE OPERATING COSTS

Cost Category	FY 2020	FY 2022	FY 2024
IT Costs	\$ 0	\$ 0	\$ 0
Operating Budget Impact (\$)	\$ 0	\$ 0	\$ 0
Operating Budget Impact (FTE)	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS

	Amount	Percent of Total
General Fund	\$ 3,188	100 %
User Financing	\$ 0	0 %

STATUTORY REQUIREMENTS

The following requirements will apply to projects after adoption of the bonding bill.

Is this project exempt from legislative review under M.S. 16B.335 subd. 1a?	Yes
Predesign Review (M.S. 16B.335 subd. 3):	
Does this request include funding for predesign?	No
Has the predesign been submitted to the Department of Administration?	N/A
Has the predesign been approved by the Department of Administration?	N/A
Will the project design meet the Sustainable Building Guidelines under M.S. 16B.325?	N/A
Will the project designs meet applicable requirements and guidelines for energy conservation and alternative energy sources (M.S. 16B.335 subd. 4 and 16B.32)?	N/A
Have Information Technology Review Preconditions been met (M.S. 16B.335 subd. 5 & 6 and 16E.05 subd. 3)?	N/A
Will the project comply with the targeted group purchasing requirement (M.S. 16C.16 subd. 13)?	Yes
Will the project meet public ownership requirements (M.S. 16A.695)?	Yes
Will a use agreement be required (M.S. 16A.695 subd. 2)?	No
Will program funding be reviewed and ensured (M.S. 16A.695 subd. 5)?	Yes
Will the matching funds requirements be met (M.S. 16A.86 subd. 4)?	N/A
Will the project be fully encumbered prior to the Cancellation Deadline (M.S. 16A.642): December 31, 2024?	Yes
M.S. 16A.502 and M.S. 16B.31 (2): Full Funding Required	Yes
M.S. 473.4485: Guideway Project	
Is this a Guideway Project?	No
Is the required information included in this request?	N/A