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**Arrowhead
Regional Development
Commission**

***ANNUAL
REPORT***

1990 / 1991



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Saint Paul, Minnesota 55155

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Pursuant to MS 462. 393, sd 1

From the Chair:

The prospect of having Northeastern Minnesota become a center for Northwest Airlines aircraft maintenance operations is the region's most significant economic development news of the past half-century. Those who have played a role in securing the authority to negotiate with Northwest Airlines and who are continuing those negotiations are to be commended. Congressman Oberstar, the region's legislative delegation, Duluth city officials, IRRRB and St. Louis County have all played essential roles in moving this project forward.

While the region's focus has been on the Northwest Airlines Projects, ARDC has positioned itself to continue to provide professional staff support to local units of government and citizen organizations on a wide variety of issues. This Spring, the Commission adopted a new agency mission statement which defines our role as follows:

The mission of ARDC is to serve the people of the Arrowhead Region by providing local units of government and citizens groups a means to work cooperatively in identifying needs, solving problems and fostering local leadership.

In keeping with the new mission statement, ARDC has continued to provide strong support for the natural resources planning activities of the North Shore Management Board and the Big Fork River Board. The local resource management model developed through the North Shore and Big Fork planning efforts will now be employed by the St. Louis River Board. ARDC is pleased to be providing staff support for the St. Louis River Board as it begins its two-year planning process for that important river system.

The effort to bring to low-cost health insurance to uninsured workers in northeastern Minnesota also continued this year. The four-year odyssey of the Health Insurance Coalition faced still more hurdles in 1991, including a line item veto of an essential state appropriation. Thanks mainly to the continued support and commitment of the Blandin Foundation and Northwest Area Foundation, the project will begin in September of this year. The two-year demonstration project is designed to provide low-cost health insurance benefits to up to 2,500 uninsured workers in the region.

ARDC will also be releasing the findings and recommendations of its Economic Reassessment of the Arrowhead Region. This report, which is patterned after the 1984-85 Fantus Study, employed the services of the national business consulting firm, Ernst & Young. The Economic Reassessment will provide an objective assessment of the strengths and weaknesses of northeastern Minnesota from a business development perspective and will recommend actions for economic development professionals to follow to strengthen and diversify our region's economy.

As we look ahead to 1992, ARDC will pursue a full agenda of activities designed to meet the needs of the region's counties, townships and cities. The continued strength of the agency will rely in large measure on the support and involvement of Board and Commission members. Broad based involvement in agency programs will ensure that ARDC remains a valuable resource for the development community and local units of government in Northeastern Minnesota.

Sincerely,

Colleen Nardone
Chair

Programs

St. Louis River

In 1990-91, ARDC assisted the Counties of St. Louis, Carlton and Lake and numerous townships and the Fond du Lac Reservation in organizing a joint powers board under M.S.A. 471.59. The St. Louis River Board was formally established in March of 1991 to develop a land and water plan for the St. Louis, Cloquet and Whiteface Rivers. The Board is seeking funds from the Legislative Commission on Minnesota Resources to carry out a two year planning effort. ARDC is serving as staff for the River Board.

Timber/Tourism

ARDC and the Northspan Group facilitated discussions between timber and resort industry representatives on the subject of aesthetic impacts of forest practices. The groups included the Minnesota Resort Association, Minnesota Congress of Resorts, Minnesota Timber Producers Association and Minnesota Forest Industries. The dialogue resulted in agreement to cooperatively develop Best Management Practices for Aesthetic Quality. The concept is supported by the Minnesota DNR, Superior and Chippewa National Forests, and Association of County Land Commissioners.

North Shore Management Board

In 1989/90, ARDC continued to serve as staff for the North Shore Management Board. The North Shore Management Plan takes the place of statewide DNR shoreland regulations and is tailored to the unique characteristics of the North Shore. The Board has also completed a North Shore Recreational Harbors study, funded by the Legislative Commission on Minnesota Resources which identifies the number, locations, and types of harbors which should be located along the North Shore.

The North Shore Management Board has broadened its scope to address other resource issues of shorewide concern including a water quality demonstration project assessing point and non-point sources of pollution and a signage initiative to improve information, safety and aesthetics along the corridor.

Big Fork River Board

The Big Fork River Board completed a planning process summer of 1991 in a locally developed land use management plan for the Big Fork River. The Big Fork River Board is a joint powers agreement between Koochiching and Itasca Counties, and the Cities of Bigfork and Big Falls. Using a similar process to the North Shore Management Board, the Big Fork River Board appointed a Citizens Advisory Committee to develop specific Plan provisions and provide a broad base of river interests. Technical assistance was provided by local, state, and federal land management and regulatory agencies. The Board encouraged extensive public involvement and input during the process to ensure public support and representation of all interests.

Economic Reassessment of the Arrowhead Region

In order to establish long range economic development goals and objectives for the Region, there needs to be a detailed and up-to-date assessment of our region's business development attributes and liabilities. A project of this scope was last undertaken in the 1984-85 Regional Growth Appraisal. The economic realities of our region and the nation have changed significantly in the years since that study.

An update of the Region's economic development strategies has been undertaken through ARDC's Regional Economic Reassessment Project. This project will not only develop an updated and detailed statistical data base but it will also examine the region's business activity and the economic development infrastructure. Then utilizing the data generated by the first phase of the project, the study will identify specific business sectors that match well with the Region's attributes and which represent the best opportunities for business expansion.

Programs

Senior Options North '91

The Duluth Entertainment Convention Center was the gathering point for more than 6,000 senior citizens, pre-retirees, and their families on May 9 and 10, 1991. Major sponsorship by St. Mary's Medical Center and First Bank System and the generous support of a number of local and regional sponsors made this exciting expo possible. Highlights included 22 seminars, 109 booth exhibits, and performances by regional entertainers. In addition, there was a performance by the Jimmy Dorsey Orchestra and appearances by Dr. Ruth Westheimer and Doris Winkler. Nine outstanding seniors from the region were honored as this year's Success Over Sixty Award winners.

Health Insurance Coalition, Inc.

The Coalition has developed a low-cost, limited-benefit health insurance plan for uninsured workers which will be available through employers in nine NE Minnesota counties. Enrollment for the demonstration project begins in September, 1991, in St. Louis, Koochiching and Itasca counties with the other six to follow. Premium costs (from \$33 - \$50 per adult) are shared by the employer and employee. Dependent coverage is also available at comparable rates. Marketing and administration costs are funded by the State of Minnesota and private foundations for the two year project that will reach up to 2500 people. Coalition members include health care providers, local government officials, consumers, organized labor and small business owners.

Retirement

A Retirement Planning Steering Committee, composed of 21 people, 12 of whom are retirees, has been meeting this year to "develop and market a comprehensive retirement planning package which will enhance the quality of life of seniors in their retirement years." The model views retirement in two aspects: the *Mechanics* aspect of retirement includes the external factors in retirement satisfaction, such as finance and housing. The *Quality* aspect of retirement includes the internal factors, such as wellness and use of time.

Arrowhead Area Agency on Aging

In 1991, the Arrowhead Area Agency on Aging allocated over \$1 million in Older Americans Act and state nutrition funds to regional programs. In addition, the Area Agency initiated innovative programs and activities to provide services to the 63,216 older people in the Arrowhead Region.

The Senior Leadership Project began in February, reaching out to rural senior centers in St. Louis, Carlton, and Lake Counties. The purpose is to revitalize the centers' leadership and community focus. The involved senior centers are committed to self-evaluation and expansion of goals, both internal and community-oriented. The project is funded in part by the Mardag Foundation.

The Area Agency was also one of three presenting organizations for Senior Options North in 1991. The Area Agency's Training and Education Subcommittee assisted in the development of twenty-two workshops on topics including health and wellness, financial management, travel, legal issues, personal safety and genealogy.

Advisory Committee on Education

In January, 1991, ARDC created an Advisory Committee on Education to explore whether there is a need for ARDC to undertake a planning role in the area of education. Thirty-one members were selected from the seven county Arrowhead region and the committee convened in June.

Partners for Tomorrow

Partners is an exciting new intergenerational project, began in April with the financial assistance of the Northeastern Minnesota Initiative Fund. This pilot leadership development initiative creates a model which pairs older adults and youth in leadership training and in the setting of community service goals. ARDC staff facilitates the training process and supports implementation of the service projects.

Programs

Duluth - Superior Metropolitan Interstate Committee (MIC)

During 1991, the MIC completed a major study of commercial goods movements in the area and recommended improvements to the municipal truck routes throughout the area in the Duluth-Superior Truck Route Study. Traffic conditions in the Miller Hill corridor of Duluth and Hermantown were studied for ways to improve traffic flow and safety in the corridor. The MIC completed and adopted the Duluth-Superior Transit Development Program which analyzes transit operations in relation to changing socio-economic conditions and recommends transit system improvements for the next five years to be implemented by the Duluth Transit Authority and the MIC.

The Committee continued its annual priority ranking of transportation projects, culminating in the 1991-92 Transportation Improvement Program, approving \$48 million for federal transportation funding for the Duluth-Superior area.

The MIC's harbor planning program continued working toward an agreement between the state of Minnesota and local jurisdictions on a process for approval of port development projects.

Regional Transportation Planning

ARDC's Regional Transportation Advisory Committee's efforts were concentrated on following the work of the Minnesota Transportation Study Board and informing local jurisdictions of upcoming actions.

Publications

North Shore Management Plan. A shoreland management plan for Lake Superior's North Shore, which was developed by local units of government and residents.

North Shore Harbors Plan. A comprehensive plan for Lake Superior's North Shore recreational boating harbors.

Publications

1991-1992 Area Plan on Aging: ARDC's action plan for meeting needs of older people in the region.

"Focus on Senior Needs" in the Arrowhead Region. A summary of interviews conducted by the Area Agency on Aging 1991 needs assessment.

Senior Options North: Discover Your Options! A program book produced as a guide to the many choices for those attending the Senior Options North exposition in May of 1991.

Building Our Future. This document outlines the three year plan developed in Aitkin County for their Long Term Care system.

Health Insurance Coalition Brochure.

Arrowhead Area Agency on Aging Brochure.

A Guide to Educational Opportunities for Older Adults in the Arrowhead Region. Information on educational facilities which offer classes to adults 62 years old and older at reduced fees.

Metropolitan Interstate Committee: Duluth-Superior Truck Route Study; 1991-1996 Duluth-Superior Transit Development Program; 1990 Transit Development Program Status Report; DTA Stride System User Survey Report; Social, Economic and Transportation Trends for the Duluth-Superior Metropolitan Area: 1990; 1991-1992 Transportation Improvement Program

St. Louis River Board, Organization Planning Project Completion Report.

Proposal for Funding a Local River Planning Program for the St. Louis, Cloquet and Whiteface Rivers.

Big Fork River Plan. A locally developed shoreland management plan for the Big Fork River.

1991 Overall Economic Development Plan. A review of development activities of the past year, a look at regional issues, and the determination of strategies and actions to improve the region's economy.

Commission/Board of Directors

Officers

Colleen Nardone, Chair,
Grand Rapids *
Chet Lindskog, Vice-Chair,
Grand Marais *
Harriet Headley, Secretary, Twig *
Robert Sederberg, Treasurer, Duluth *

Bev Alexander, International Falls *
Neill Atkins, Duluth
Thomas Baltes, Esko
Chet Bianco, Two Harbors
James Bovis, Cloquet
Cynthia Brummer, Coleraine
Frank Cerkvenik, Mt. Iron
Chester Champeaux, Scanlon
Ricky Clark, Two Harbors *
Bill Corcoran, Grand Portage *
Tom Fasteland, Hill City
Chris Hagberg, Virginia
James Hakala, Duluth
Doris Hanson, Northome *
Robert Herdman, LaPrairie
Matt Huju, Grand Rapids *
Ed Hoff, Virginia
Lloyd Houle, Silver Bay
Rownea Knaeble, Big Falls
Marilyn Krueger, Duluth *
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Jack LaVoy, Cloquet
Martin Lepak, Duluth
Clarence Maddy *
Ray Manisto, Cloquet
William Miller, Duluth

Margaret Morris, Grand Marais
Patty Murto, Esko *
Dale Nelson, Iron
Les Netland, Duluth
Les Northrup, Cloquet
Gerald O'Donnell, Hoyt Lakes
Don Panger, Cloquet
Ernest Pearson, Duluth
David Perry, Chisholm
David Peterson, Grand Marais
Roger Peterson, Finland
Linda Redetzke, Barnum
Lillian Rizzo, International Falls
Marnene Rousse, Grand Rapids
Juanita Ryan, Cook
Margaret Sherman *
Robert Silver, Schroeder
Raymond Sogard, Hibbing
Harlan Tardy, Nashwauk *
Jim Wroblewski, Littlefork
Warren Youngdahl, Marcell *

* Indicates Board Members

Past Commission members who served during 1991

Susan Fox, Aitkin
Ron Larson, Aitkin
Jack Ross, Hibbing
Robert Teasck, Britt
Robert Williams, Nashwauk

Self Evaluation Survey Results

In June, over 450 surveys were mailed out to ARDC's constituents. Although some surveys are still coming in, to date 102 surveys have been returned. This represents a 22.4% rate of return. 54% of the returned surveys have come from the Region's elected officials. Preliminary tabulation of the surveys have begun. Over 78% of respondents rated the professional capabilities of ARDC staff as either good or excellent.

75% also rated as good or excellent the services provided by ARDC. Other survey questions regarding the quality of work, effectiveness, knowledge of regional/local issues and support to the community also registered a high degree of satisfaction. Although the survey results have reconfirmed the overall satisfaction of our constituents with ARDC's activities it also revealed areas for improvement.

Some survey respondents replied "not sure" to specific questions about one or more of ARDC's programs or projects, which highlights the need for ARDC to enhance its visibility in the Region and to increase awareness of the scope and variety of services offered by ARDC. The evaluation of the survey results will continue and a full report will be prepared. The final report will be available upon request at ARDC.

Staff

Administration

Kevin Walli, Executive Director
Michael Hambrock, Deputy Director
Diane Nelson, Executive Secretary
Ron Nelson, Financ. Program Manager
Rosemary Lear, Grants Monitor/Bkpr.
Marsha Contos, Receptionist
Deanna Keup, Receptionist

Human Services Division

Nancy Gruver, Division Director
Anne Tellett, Aging Program Manager
Sandra Block, Associate Planner
Nancy Wheeler, Associate Planner
Kirsten Cruikshank, Planner
Sally Maxwell, Planner
Jane Ankrum, Senior Options Coord.
Patty Wallin, Admin. Assistant
Pat Johnson, Secretary

Community & Environmental Resources Division

Michael Hambrock, Division Director
Gary Tonkin, Metro. Program Manager
John Judd, Senior Planner
Cheryl Erickson, Senior Planner
Joan Hunn, Associate Planner
Michelle Hummell, Planner
Debbie Bailey, Secretary
Marlene Bartikoski, Research Assistant
Michael Jordan, Research Assistant

Operational Budget

The latest audit of ARDC's finances and contract performance by the State Auditor was completed July 1991 for fiscal year 1990. Copies of that audit and all prior audits will be available for review at the ARDC offices.

| REVENUE | 1990 ACTUAL | 1991 BUDGET |
|--|----------------|----------------|
| Tax Levy | \$ 242,368 | \$276,755 |
| State Appropriation | 45,630 | 22,802 |
| Grants & Contracts: | | |
| Minnesota Board on Aging | 208,891 | 200,000 |
| Economic Development Admin. | 238,110 | 70,000 |
| MN Dept. of Transportation | 33,133 | 76,804 |
| Federal Highway Admin. | 100,964 | 98,346 |
| Urban Mass Transportation | 59,154 | 48,000 |
| Northwest Area Foundation | 28,236 | 95,486 |
| MN Dept. of Natural Resources | 106,599 | 96,000 |
| Northeastern Minnesota Initiative Fund | 8,000 | 26,500 |
| Blandin Foundation | 27,292 | 102,708 |
| Iron Range Resources & Rehab. | 52,756 | 40,000 |
| Local Technical Assistance | 6,879 | 20,000 |
| Other Grants & Contracts | 310,842 | 330,110 |
| Interest Income | 6,050 | 6,000 |
| Northspan Cost Share | 111,252 | 70,000 |
| Other Income (Rent \$45,381) | 52,282 | 64,111 |

TOTAL REVENUE \$1,638,438 \$1,643,622

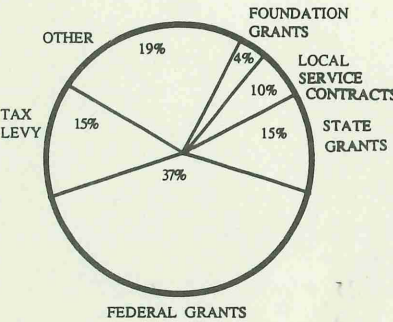
EXPENDITURES

| | | |
|----------------------------|------------|------------|
| Salaries & Fringe Benefits | \$ 738,701 | \$ 820,530 |
| Office Space | 194 777 | 202,727 |
| Consultants & Contractual | 199,115 | 358,631 |
| Communications | 50,196 | 37,000 |
| Staff Travel | 23,997 | 26,404 |
| Committee & Board Travel | 28,256 | 33,040 |
| Supplies | 17,555 | 12,000 |
| Interest | 5,081 | 2,500 |
| Depreciation | 40,445 | 31,500 |
| Equipment | 10,050 | 6,000 |
| Printing | 11,253 | 26,359 |
| Loans Disbursed | 196,000 | --- |
| Other Expenses | 75,650 | 86,931 |

TOTAL EXPENDITURES \$1,591,076 \$1,643,622

REVENUES OVER EXPENDITURES \$ 47,362 ---

WHERE OUR OPERATING REVENUES COME FROM:



Clearinghouse Review
As of September 10, 1987, the State of Minnesota discontinued its involvement in the Intergovernmental Review of Federal Programs.

As a result of this action by the State, ARDC has significantly limited its involvement in the review of loan applications until such time as we determine that those reviews serve an important regional purpose. However, we will continue to review plans which are prepared for, or which have impact upon, the region.