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Department of Iron Range Resources & Rehabilitation

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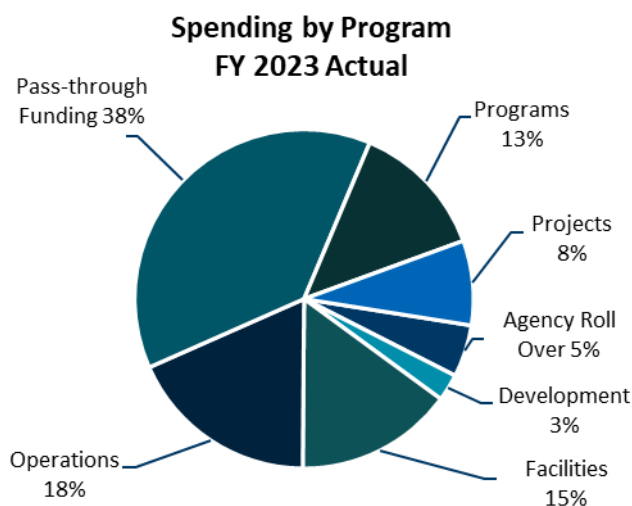
AT A GLANCE

- Established in 1941, the Department of Iron Range Resources & 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.
- The agency's service area is defined by Minnesota Statute 273.1341 and encompasses 13,000 square miles in northeastern Minnesota: 53 cities, 134 townships, portions of four tribal nations and 14 school districts. The service area population is 155,081.
- The agency is primarily funded by a portion of local taconite production tax paid by mining companies on each ton of iron ore pellets or concentrates produced. The tax is paid in lieu of property taxes by mining companies located within the agency's service area.
- The Department of Iron Range Resources & Rehabilitation operates on an annual budget established by the commissioner and approved by an eight-member board and the Governor.

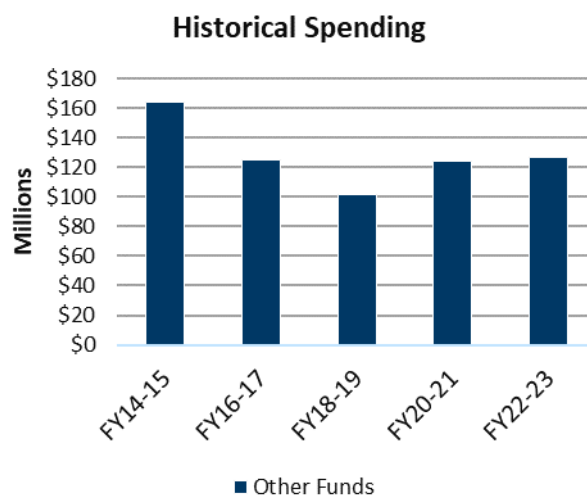
PURPOSE

The Department of Iron Range Resources & Rehabilitation is an economic development agency that reinvests local taconite production taxes back into northeastern Minnesota businesses and communities in order to strengthen and diversify the economy. Loans are provided to businesses relocating or expanding in the region. Grants are available to local and tribal units of government, educational institutions and nonprofits. Grants support projects related to business development, infrastructure and broadband, downtown revitalization, worker training and certification, and tourism and recreation.

BUDGET



Source: Budget Planning & Analysis System (BPAS)



*Include DJJ Corpus, Event Center Construction & School Bond Payments

Source: Consolidated Fund Statement

STRATEGIES

The agency's strategic plan aligns its collaborative efforts around long-term economic growth that increases the well-being of all people in northeastern Minnesota. The agency's mission helps focus funding priorities around leveraging capital, improving quality of life and retaining and creating good paying jobs. We align our strategies with four long-term goals related to community development, asset reinvestment, business development and workforce development.

Communities invest in their foundational, business and social assets to ensure quality of life for all residents.

- Infrastructure funding is available to improve, replace and modernize foundational assets such as sewer, water, broadband and housing.
- Redevelopment programs provide funds to improve business assets including interior and exterior renovation, energy efficiency and retrofits.
- Community development grants fund the construction, maintenance and improvement of social assets such as parks, recreation, trails, and arts and culture organizations.
- Agency broadband investments leverage other resources to increase the number of residents served by the state's 2026 broadband speed goals.
- The agency participates in enterprise sustainability to manage energy, conserve water and reduce waste.
- Access and equity inform outreach efforts and staff and leaders work directly with tribal nation representatives from Bois Forte, Grand Portage, Leech Lake and Fond du Lac helping connect their development priorities with grant and loan resources.

Agency investments in Giants Ridge increase its economic impact and contribute to the quality of life in the region.

- Improve assets that contribute to economic impact.
- Track economic impact over time using independent analysis.
- Maintain Giants Ridge's state and national golf course rankings

Businesses invest in northeastern Minnesota.

- Respond to business needs with creative and flexible financial solutions.
- Recruit new businesses through lead generation, tradeshow and outreach to targeted industries.
- Promote energy efficiency for small businesses through the Business Energy Retrofit grant program.

Workers have the education and training to meet business needs.

- Invest in workforce development programs that meet businesses' training and education needs.
- Support skills development that increase workers' ability to earn to a family-sustaining income.
- Invest in higher education programs through Iron Range Higher Education.

Multi-district collaborative efforts increase availability and access to high quality education for the region's students through a Bricks and Mortar Program and an Innovative Academic Program.

RESULTS

| Measure name | Measure type | Measure data source | Historical trend | Most recent data |
|--|--------------|--|-------------------------------------|------------------|
| Number of businesses/grantees served by Iron Range Resources & Rehabilitation programs | Quantity | Fluxx and Portfol data-base systems, SWIFT | New programs added in 2023 and 2024 | 419 |

| Measure name | Measure type | Measure data source | Historical trend | Most recent data |
|---|--------------|---|--|------------------|
| Iron Range Resources & Rehabilitation investment | Quantity | <i>Fluxx and Portfol data-base systems, SWIFT</i> | New grant programs added and additional financial resources allocated for both programs and projects | \$111.4 million |
| Total project cost for regional projects that include IRRR Investment | Results | <i>Fluxx and Portfol data-base systems, SWIFT</i> | Increase in regional activity along with increased program/project costs due to inflation | \$717.5 million |

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

Iron Range Resources and Rehabilitation

Agency Expenditure Overview

(Dollars in Thousands)

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|---------------------------------------|---------------|---------------|----------------|----------------|----------------|---------------|---------------------------|---------------|
| | FY22 | FY23 | FY24 | FY25 | FY26 | FY27 | FY26 | FY27 |
| <u>Expenditures by Fund</u> | | | | | | | | |
| 2370 - Iron Range Resources & Rehab | 44,382 | 52,783 | 68,247 | 131,086 | 86,319 | 57,197 | 86,319 | 57,197 |
| 2380 - Douglas J Johnson Econ Protect | 17,292 | 12,183 | 23,881 | 8,976 | 8,976 | 8,976 | 8,976 | 8,976 |
| 3000 - Federal | | | | 2,200 | 2,894 | 2,891 | 2,894 | 2,891 |
| 4600 - Giants Ridge Golf & Ski Resort | 12,020 | 15,366 | 22,930 | 25,716 | 15,495 | 15,645 | 15,495 | 15,645 |
| Total | 73,693 | 80,332 | 115,057 | 167,978 | 113,684 | 84,709 | 113,684 | 84,709 |
| Biennial Change | | | | 129,010 | | (84,642) | | (84,642) |
| Biennial % Change | | | | 84 | | (30) | | (30) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

Expenditures by Program

| | | | | | | | | |
|----------------------|---------------|---------------|----------------|----------------|----------------|---------------|----------------|---------------|
| Operations | 19,060 | 14,700 | 32,466 | 12,827 | 12,827 | 12,827 | 12,827 | 12,827 |
| Facilities | 9,950 | 12,137 | 22,099 | 25,616 | 15,395 | 15,545 | 15,395 | 15,545 |
| Development | 1,979 | 2,073 | 2,174 | 3,200 | 3,200 | 3,200 | 3,200 | 3,200 |
| Agency Roll Over | 2,704 | 3,813 | 1,126 | 3,157 | 100 | 100 | 100 | 100 |
| Pass-through Funding | 24,189 | 30,569 | 37,658 | 102,180 | 60,492 | 31,359 | 60,492 | 31,359 |
| Programs | 9,311 | 10,544 | 10,283 | 11,798 | 11,776 | 11,787 | 11,776 | 11,787 |
| Projects | 6,500 | 6,496 | 9,250 | 9,200 | 9,894 | 9,891 | 9,894 | 9,891 |
| Total | 73,693 | 80,332 | 115,057 | 167,978 | 113,684 | 84,709 | 113,684 | 84,709 |

Expenditures by Category

| | | | | | | | | |
|------------------------------|---------------|---------------|----------------|----------------|----------------|---------------|----------------|---------------|
| Compensation | 4,827 | 4,922 | 5,766 | 7,847 | 6,625 | 6,625 | 6,625 | 6,625 |
| Operating Expenses | 13,087 | 16,401 | 24,736 | 26,872 | 18,301 | 18,451 | 18,301 | 18,451 |
| Grants, Aids and Subsidies | 51,436 | 55,877 | 81,036 | 123,420 | 79,198 | 47,700 | 79,198 | 47,700 |
| Capital Outlay-Real Property | 296 | 326 | 214 | 2,050 | 400 | 400 | 400 | 400 |
| Other Financial Transaction | 4,046 | 2,806 | 3,305 | 7,789 | 9,160 | 11,533 | 9,160 | 11,533 |
| Total | 73,693 | 80,332 | 115,057 | 167,978 | 113,684 | 84,709 | 113,684 | 84,709 |

| | | | | | | | | |
|---|---------------|---------------|----------------|----------------|----------------|---------------|----------------|---------------|
| Total Agency Expenditures | 73,693 | 80,332 | 115,057 | 167,978 | 113,684 | 84,709 | 113,684 | 84,709 |
| Internal Billing Expenditures | 0 | 0 | 0 | 22 | 22 | 22 | 22 | 22 |
| Expenditures Less Internal Billing | 73,693 | 80,332 | 115,057 | 167,956 | 113,662 | 84,687 | 113,662 | 84,687 |

Iron Range Resources and Rehabilitation

Agency Expenditure Overview

(Dollars in Thousands)

| | Actual FY22 | Actual FY23 | Actual FY24 | Estimate FY25 | Forecast Base | | Governor's Recommendation | |
|-------------------------------------|----------------|----------------|----------------|------------------|---------------|-------|------------------------------|-------|
| | | | | | FY26 | FY27 | FY26 | FY27 |
| <u>Full-Time Equivalents</u> | 42.21 | 43.52 | 42.68 | 48.40 | 48.40 | 48.40 | 48.40 | 48.40 |

Iron Range Resources and Rehabilitation

Agency Financing by Fund

(Dollars in Thousands)

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|--------------------|--------|--------|--------|----------|---------------|-------|---------------------------|-------|
| | FY22 | FY23 | FY24 | FY25 | FY26 | FY27 | FY26 | FY27 |
| 1000 - General | | | | | | | | |
| Open Appropriation | 2,650 | 2,519 | 2,644 | 2,531 | 2,584 | 2,555 | 2,584 | 2,555 |
| Transfers In | 3,688 | 3,613 | 3,724 | 3,877 | 3,877 | 3,877 | 3,877 | 3,877 |
| Transfers Out | 6,338 | 6,131 | 6,368 | 6,408 | 6,461 | 6,432 | 6,461 | 6,432 |

2370 - Iron Range Resources & Rehab

| | | | | | | | | |
|-----------------------------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|---------------|
| Balance Forward In | 57,443 | 80,081 | 56,017 | 87,059 | 63,806 | 69,274 | 63,806 | 69,274 |
| Receipts | 44,297 | 46,749 | 101,333 | 106,746 | 88,746 | 57,746 | 88,746 | 57,746 |
| Transfers In | 48,945 | 33,823 | 41,331 | 33,268 | 30,958 | 30,929 | 30,958 | 30,929 |
| Transfers Out | 27,849 | 50,836 | 41,046 | 31,099 | 27,942 | 27,850 | 27,942 | 27,850 |
| Net Loan Activity | 61 | (2,111) | (2,328) | (1,082) | 25 | 25 | 25 | 25 |
| Balance Forward Out | 78,515 | 54,924 | 87,060 | 63,806 | 69,274 | 72,927 | 69,274 | 72,927 |
| Expenditures | 44,382 | 52,783 | 68,247 | 131,086 | 86,319 | 57,197 | 86,319 | 57,197 |
| Biennial Change in Expenditures | | | | 102,168 | | (55,817) | | (55,817) |
| Biennial % Change in Expenditures | | | | 105 | | (28) | | (28) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 34.04 | 35.07 | 34.16 | 39.40 | 39.40 | 39.40 | 39.40 | 39.40 |

2380 - Douglas J Johnson Econ Protect

| | | | | | | | | |
|-----------------------------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|
| Balance Forward In | 58,603 | 55,744 | 45,253 | 56,252 | 10,293 | 3,737 | 10,293 | 3,737 |
| Receipts | 4,991 | 15,348 | 45,447 | 9,099 | 11,425 | 15,191 | 11,425 | 15,191 |
| Transfers In | 7,497 | 14,932 | 13,517 | 16,048 | 12,059 | 12,059 | 12,059 | 12,059 |
| Transfers Out | 5,069 | 20,987 | 19,062 | 23,387 | 16,268 | 16,268 | 16,268 | 16,268 |
| Net Loan Activity | 6,339 | (7,917) | (5,024) | (38,743) | (4,796) | (4,795) | (4,796) | (4,795) |
| Balance Forward Out | 55,069 | 44,937 | 56,251 | 10,293 | 3,737 | 948 | 3,737 | 948 |
| Expenditures | 17,292 | 12,183 | 23,881 | 8,976 | 8,976 | 8,976 | 8,976 | 8,976 |
| Biennial Change in Expenditures | | | | 3,382 | | (14,905) | | (14,905) |
| Biennial % Change in Expenditures | | | | 11 | | (45) | | (45) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 6.01 | 6.23 | 6.38 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 |

3000 - Federal

Iron Range Resources and Rehabilitation

Agency Financing by Fund

(Dollars in Thousands)

| | Actual FY22 | Actual FY23 | Actual FY24 | Estimate FY25 | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|----------------|----------------|----------------|------------------|---------------|--------------|------------------------------|--------------|
| | | | | | FY26 | FY27 | FY26 | FY27 |
| Receipts | | | | 2,200 | 2,894 | 2,891 | 2,894 | 2,891 |
| Expenditures | | | | 2,200 | 2,894 | 2,891 | 2,894 | 2,891 |
| Biennial Change in Expenditures | | | | 2,200 | | 3,585 | | 3,585 |
| Biennial % Change in Expenditures | | | | | | | | |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

4600 - Giants Ridge Golf & Ski Resort

| | | | | | | | | |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Balance Forward In | 3,345 | 4,199 | 11,460 | 7,813 | 877 | 959 | 877 | 959 |
| Receipts | 7,358 | 8,465 | 8,295 | 7,219 | 7,940 | 8,190 | 7,940 | 8,190 |
| Transfers In | 7,581 | 17,239 | 12,260 | 11,561 | 7,637 | 7,545 | 7,637 | 7,545 |
| Transfers Out | 2,066 | 3,096 | 1,273 | | | | | |
| Balance Forward Out | 4,198 | 11,441 | 7,812 | 877 | 959 | 1,049 | 959 | 1,049 |
| Expenditures | 12,020 | 15,366 | 22,930 | 25,716 | 15,495 | 15,645 | 15,495 | 15,645 |
| Biennial Change in Expenditures | | | | 21,260 | | (17,506) | | (17,506) |
| Biennial % Change in Expenditures | | | | 78 | | (36) | | (36) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 2.16 | 2.22 | 2.14 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |

Iron Range Resources and Rehabilitation

Agency Change Summary

(Dollars in Thousands)

| | FY25 | FY26 | FY27 | Biennium 2026-27 |
|--|---------|--------|--------|---------------------|
| Open | | | | |
| Fund: 1000 - General | | | | |
| FY2025 Appropriations | 2,551 | 2,551 | 2,551 | 5,102 |
| Base Adjustments | | | | |
| Forecast Open Appropriation Adjustment | | 78 | 74 | 152 |
| November Forecast Adjustment | (20) | (45) | (70) | (115) |
| Forecast Base | 2,531 | 2,584 | 2,555 | 5,139 |
| Total Governor's Recommendations | 2,531 | 2,584 | 2,555 | 5,139 |
| Dedicated | | | | |
| Fund: 2370 - Iron Range Resources & Rehab | | | | |
| Planned Spending | 131,086 | 86,319 | 57,197 | 143,516 |
| Forecast Base | 131,086 | 86,319 | 57,197 | 143,516 |
| Total Governor's Recommendations | 131,086 | 86,319 | 57,197 | 143,516 |
| Fund: 2380 - Douglas J Johnson Econ Protect | | | | |
| Planned Spending | 8,976 | 8,976 | 8,976 | 17,952 |
| Forecast Base | 8,976 | 8,976 | 8,976 | 17,952 |
| Total Governor's Recommendations | 8,976 | 8,976 | 8,976 | 17,952 |
| Fund: 3000 - Federal | | | | |
| Planned Spending | 2,200 | 2,894 | 2,891 | 5,785 |
| Forecast Base | 2,200 | 2,894 | 2,891 | 5,785 |
| Total Governor's Recommendations | 2,200 | 2,894 | 2,891 | 5,785 |
| Fund: 4600 - Giants Ridge Golf & Ski Resort | | | | |
| Planned Spending | 25,716 | 15,495 | 15,645 | 31,140 |
| Forecast Base | 25,716 | 15,495 | 15,645 | 31,140 |
| Total Governor's Recommendations | 25,716 | 15,495 | 15,645 | 31,140 |
| Revenue Change Summary | | | | |
| Dedicated | | | | |
| Fund: 2370 - Iron Range Resources & Rehab | | | | |
| Forecast Revenues | 106,746 | 88,746 | 57,746 | 146,492 |
| Total Governor's Recommendations | 106,746 | 88,746 | 57,746 | 146,492 |
| Fund: 2380 - Douglas J Johnson Econ Protect | | | | |
| Forecast Revenues | 9,099 | 11,425 | 15,191 | 26,616 |

Iron Range Resources and Rehabilitation

Agency Change Summary

(Dollars in Thousands)

| | FY25 | FY26 | FY27 | Biennium 2026-27 |
|--|-------|--------|--------|---------------------|
| Total Governor's Recommendations | 9,099 | 11,425 | 15,191 | 26,616 |
| Fund: 3000 - Federal | | | | |
| Forecast Revenues | 2,200 | 2,894 | 2,891 | 5,785 |
| Total Governor's Recommendations | 2,200 | 2,894 | 2,891 | 5,785 |
| Fund: 4600 - Giants Ridge Golf & Ski Resort | | | | |
| Forecast Revenues | 7,219 | 7,940 | 8,190 | 16,130 |
| Total Governor's Recommendations | 7,219 | 7,940 | 8,190 | 16,130 |

Department of Iron Range Resources & Rehabilitation

Federal Funds Summary

(Dollars in Thousands)

| Federal Agency and ALN | Federal Grant Name Brief Purpose | FY 2024 Actual | FY 2025 Budget | FY 2026 Base | FY 2027 Base | Required State Match or MOE? | FTEs |
|--|---|-------------------|-------------------|-----------------|-----------------|---------------------------------------|------------------------|
| Federal Highway Administration (FHWA) 20.200 | ATTAIN #693JJ32450026 - goMARTI - Minnesota's Autonomous Rural Transit Initiative | \$ - | \$ 2,200 | \$ 2,894 | \$ 2,891 | MOE | 22.4 / 5.6 per year |
| | Federal Fund – Agency Total | \$ - | \$ 2,200 | \$ 2,894 | \$ 2,891 | | 5.6 |

Narrative

Minnesota Autonomous Rural Transit Initiative (MARTI)

The U.S. Department of Transportation's Federal Highway Administration (FHWA) awarded the Department of Iron Range Resources & Rehabilitation a \$9.3 million Advanced Transportation Technology and Innovation (ATTAIN) program grant.

The Minnesota Department of Transportation awarded the Department of Iron Range Resources & Rehabilitation a \$2.3 million IJJA match grant as part of the IJJA Discretionary Match Program. The total project budget is \$11,628,515.

The Department of Iron Range Resources and Rehabilitation will use the funding to continue and expand current operations of the MARTI pilot, a free on-demand automated micro-transit service in Grand Rapids, to make transit services more reliant, convenient and accessible in rural communities, including for wheelchair users.

1. For new grants, provide a narrative description of the short- and long-term commitments required, including whether the continuation of any full-time equivalent positions will be a condition of receiving the federal award.

All grant administration commitments related to Department of Iron Range Resources & Rehabilitation will be absorbed via existing FTE positions spread across the agency including Community Development, Legal, Finance, & Communications. The MARTI project itself will support 22.4 FTE positions in the community for the 4-year period of performance (POP).

The long term and short-term commitments from the Department of Iron Range Resources & Rehabilitation include:

- Community Development Department serves as project lead and primary point of contact for the project. Community Development staff will review monthly reimbursement submittals are eligible under the contracts and approved for reimbursement. Additionally, Community Development will ensure other contractual requirements such as reporting and deliverables as required by contracts are completed and submitted.
- Legal Department support for for contract development/execution and additional legal questions that may arise during the duration of the project.
- Finance Department for integration of Delphi system, other financial reporting, and setup necessary to request funds and pay contractors via the federal and state funding.
- Communications to serve on the communications team and serve as primary point of contact for any media inquiries and communications as it relates to the project.

2. Maintenance of effort levels (MOE)

The project budget is clearly identified in contracts with MNDOT & FHWA. The FHWA ATTAIN grant contract requires an 80-20 cost share with 20% being local match. The 20% local match is being provided via MNDOT's IJJA matching grant program. FHWA requires the project to meet minimum match requirements at the end of the project and this will be tracked at every reimbursement as part of the reimbursement detail submitted to FHWA & MNDOT.

3. Agency legal authority to spend other than M.S. 3.3005 for executive branch agencies.

The Department of Iron Range Resources & Rehabilitation is authorized under Minn. Stat. 298.2211 to apply for and expend grant and loan funding made available from federal sources and federally funded programs.

4. Changing funding levels or trends that may impact future awards

NA

5. Major state funding related to federal awards

The Minnesota Department of Transportation awarded the Department of Iron Range Resources & Rehabilitation a \$2.3 million IJJA match grant as part of the IJJA Discretionary Match Program.

6. Indicate whether the federal funding has flexibility in how the funds are spent.

No. The Department of Iron Range Resources has entered into a contract with the FHWA for the project. The MNDOT contract is anticipated to be executed by December 1, 2024. The project funding provided by FHWA & MNDOT is to directly support the continuation of the current MARTI project which is funded via the MNDOT CAV-X. The project scope and deliverables (to continue operations and expand) were part of the original application submittal to the FHWA ATTAIN & IIJA Discretionary matching grant programs. The budget detail submitted and approved by the FHWA and the project scope required by MNDOT as part of contracting clearly identifies how funding will be spent to continue and expand MARTI in rural northeastern MN.