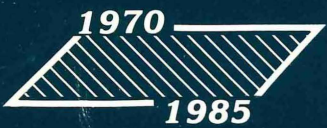


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ARROWHEAD REGIONAL DEVELOPMENT COMMISSION

In 1985, we moved into new offices and celebrated 15 years of serving Northeastern Minnesota.



ANNUAL REPORT 1985

Pursuant to Mn Stat 462.363

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**Report from
ARDC Chair,
Marilyn Krueger**

Dear Friends,

We celebrated our fifteenth anniversary with a new look, a new address, and a hard hitting appraisal of economic development in NE Minnesota.

In February, Congressman James Oberstar introduced an economic growth appraisal and readjustment strategy performed for ARDC by the Fantus Company. Fantus is perhaps the most acclaimed business relocation firm in America, and their hard analysis of the Arrowhead region shows why. Critical in the best professional sense, the appraisal identifies our assets and exposes our developmental liabilities, and offers sensible and constructive recommendations to deal with them. The upshot is that we now know how we are seen by the national business community, we have five targeted industry groups we know we can satisfy, and we have realistic recommendations to keep us on target.

To strengthen our role in this readjustment we've created a new technical assistance group called NORTHSPAN. NORTHSPAN is private, non-profit, and a direct affiliate of ARDC. This affiliation means that Arrowhead communities and other NE Minnesota clients can get a blend of private and public professional services tailored to move projects. Expect NORTHSPAN to be agile, competitive, and responsive to local clients.

We've also organized a community assessment team that visited ten communities and helped three evaluate the strengths and weaknesses of their development programs. We're organizing a regional shippers' association to reduce freight costs through consolidated shipments and backhaul loads. And we've tasted our first success in federal contract procurement—a national defense contract for Garon Knitting of Duluth, secured by ARDC staff. Our immediate intention is to make this help available to industries throughout the Arrowhead Region.

ARDC has also been streamlined. The Emergency Medical Services Association begun under ARDC auspices is now on its own—as an independent association of emergency medical providers. Starting in 1978, ARDC guided the association through planning and development phases that culminated in the implementation of a \$500,000 advanced life support system for NE Minnesota.

But we are still active in health care. Our seven county long-term care project will create a cost-effective system of community based care that supports the independence of disabled seniors via in-home services, congregate housing and case management. In addition the planning and financial assistance available through ARDC's Aging Program helped make new senior centers a reality in Biwabik, Aitkin and Barnum.

Our series of conferences on current problems, FOCUS-90, continued in 1984 with a symposium on the potential for mini-steel production in NE Minnesota. A session in September will deal with local success stories in small community development. Stories like how construction of one plant in Virginia spurred expansion at another; or how the Town of White, Aurora and Hoyt Lakes earned the first multi-community Minnesota STAR CITY designation; or how International Falls is rallying to respond to a crisis.

I know the stories because our staff is behind the scenes on so many of them. They have been for fifteen years. The IMPACT is evident in this report. Thanks for taking the time to read it, and please stop in to see us and enjoy our new look at Arrowhead Center.

Sincerely,

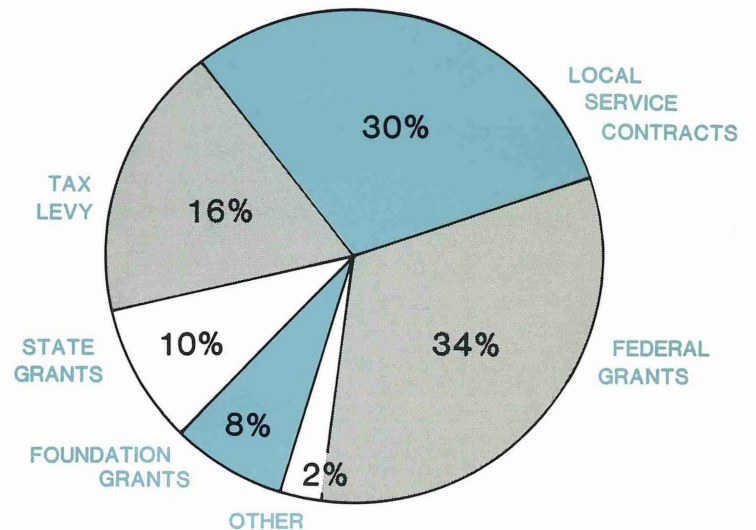
Marilyn A. Krueger
Chair



OUR FIFTEENTH ANNIVERSARY YEAR

Originally organized as the Arrowhead Economic Development District in 1967, ARDC was formally established as Minnesota's first Regional Development Commission in 1970. For the past fifteen years, ARDC has served the seven-county NE Minnesota area as a provider of technical assistance, a pooled staff resource, and as a focal point for regional issues. Through its programs in business development, community development, transportation, aging, human services, information systems, and leadership and management development, ARDC will continue to address the priority needs of the Region in the future.

WHERE OUR OPERATING REVENUES COME FROM:



(See budget detail on back page)

IMPACT '85

There were major investments in the Arrowhead Region last year. Whether it was directly funding a senior center in Barnum or packaging the State's first multi-city Star Cities designation for Aurora-Hoyt Lakes, ARDC was in the thick of it.

The figures below, measured from July 1, 1984 through June 30, 1985, are provided to help demonstrate the level of ARDC's involvement in local and regional projects. Our involvement is as varied as the investments and projects themselves. Sometimes straightforward, often complex and critical, our role is seldom incidental. It is to help counties, cities and development groups put together projects that accomplish what they want...and need. It is to make their projects fundable. It is also to work with local entrepreneurs and established businesses to develop financing packages that increase the applicant's chances for success. And this works two ways, because it not only provides the funding agencies with professionally prepared applications, but also gives them a better shot at sound project investments, which maximizes their impact and minimizes their risk. All of which serves to strengthen and encourage the financial interaction between state, federal and local sponsors that is so important to economic readjustment.

There is no question that a good deal of money would be invested in NE Minnesota with or without ARDC playing its part. Projects would be funded, loans would be made, jobs would be created. But in a time when resources are becoming ever more scarce, and so competitively sought out, every project has to be carefully constructed. And each investment in the local economy has to be a quality investment, so that each new job has the best chance of being a permanent one. That's where ARDC has made a difference.

\$51,739,000 FOR LOCAL DEVELOPMENT PROJECTS

THE SOURCES:

\$22,948,000 FEDERAL
4,599,500 STATE
3,601,500 LOCAL
20,590,000 PRIVATE

1,638 JOBS

THE BREAKDOWN:

484 JOBS CREATED
209 JOBS RETAINED
945 CONSTRUCTION JOBS

404 TECHNICAL ASSISTANCE PROJECTS PERFORMED

THE DISTRIBUTION:

233 PRIVATE BUSINESS PROJECTS
133 LOCAL GOVERNMENT PROJECTS
27 NON-PROFIT ORGANIZATION PROJECTS
11 OTHER STATE/LOCAL PROJECTS

\$955,423 FOR SENIOR CITIZEN PROJECTS

THE BENEFITS:

18,656 SENIOR CITIZENS SERVED
714,845 SENIOR MEALS SERVED

MAJOR FUNDING SOURCES

Iron Range Resource and
Rehabilitation Board
Minnesota Department of
Energy and Economic
Development
Small Business
Administration
Economic Development
Administration
Department of Defense
Minnesota Board on Aging
Federal Highway
Administration
Minnesota Department of
Transportation

COVER PHOTO:

Our cover photo shows ARDC Chair Marilyn Krueger (center left) assisting ARDC Executive Director, Dave Martin (center right) in cutting the ribbon for ARDC's new offices at Arrowhead Center. Minnesota Commissioner of Economic Development, Mark Dayton, is at the far left, while ARDC Board Member and former Chair, Innis (Sonny) Nesbitt, International Falls, holds the ribbon at the far right. (photo by Dan Grandmaison)

FOR MORE INFORMATION CALL 1-800-232-0707

ARROWHEAD CENTER • 330 SOUTH FIRST AVENUE EAST • DULUTH, MINNESOTA 55802

BUDGET

	Actual 1984	Budgeted 1985
Revenue:		
Tax Levy	\$ 273,588	\$ 245,084
State Appropriation/LCMR	94,929	55,645
MN Board on Aging	\$ 177,183	\$ 202,956
MN Dept. of Health	48,076	41,000
Developmental Disabilities	17,347	-
Economic Development Admin.	200,131	72,000
MN Dept. of Transportation	22,808	10,000
Federal Highway Admin.	99,649	78,379
Urban Mass Transportation	37,428	62,400
Housing & Urban Development	12,131	-
Duluth Transit Authority	49,011	28,299
Metro Development Council	33,871	50,000
Intergovernmental Info Systems	36,584	-
MN Dept. of Natural Resources	17,091	15,000
McKnight Foundation	49,124	45,281
Blandin Foundation	85,076	29,188
Small Business Assistance	10,321	-
Iron Range Resources & Rehab.	23,349	30,000
Local Technical Assistance	313,436	400,306
Other Grants & Contracts	103,999	246,709
	1,705,132	1,612,247
Interest Income	12,854	10,000
Other Income	26,361	26,618
Total Revenue	\$1,744,347	\$1,648,865
Expenditures:		
Salaries-Fringe Benefits	\$ 997,027	\$1,073,374
Office Space	97,543	100,500
Consultants	212,144	70,613
Contracted Services	53,009	38,000
Communications	56,212	47,500
Staff Travel	48,578	75,079
Committee & Board Travel	42,878	45,400
Supplies	45,209	29,600
Interest	9,755	8,000
Depreciation	36,717	45,500
Equipment	9,853	4,000
Printing	12,978	20,040
Program Development	19,444	18,000
Other Expenses	60,916	73,259
Total Expenditures	\$1,702,263	\$1,648,865
Revenue over expenditures	\$ 42,084	

STAFF

ADMINISTRATION

David A. Martin, Executive Director
Barbara Lucia, Personnel Manager

OPERATIONS DIVISION

Thomas S. Renier, Deputy Director
Gerald Fitzgerald, Public Information Specialist
Barbara Solin, Accountant
Kristine Gaston, Secretary II
Linda Naughton, Graphic Artist
Lora Bouchard, Student Intern
Lisa Daigle, Student Intern

HUMAN SERVICES DIVISION

Kathy Johnson, Director
Cindy Conkins, Senior Planner
Joyce Allen, Associate Planner
Karen Olesen, Associate Planner
Mary Robillard, Grants Monitor
Patty Povich, Secretary II
Julie Schubert, Secretary

COMMUNITY AND RESOURCE DEVELOPMENT DIVISION

John Powers, Director
Randy Lasky, Community Projects Manager
Joe Everett, Planner
Bob Hess, Planner
Brad Jurkovich, Planner
Holly Bergen, Secretary II

TRANSPORTATION DIVISION

John Hensrud, Acting Director
Gary Tonkin, Senior Planner
Jake Peters, Senior Planner
Dave Rubedor, Planner
Robin Quigley, Secretary II
Nancy Hanson, Secretary II
Brian Fredrickson, Student Intern
Lynne Solien, Student Intern
Susan Waller, Student Intern

BUSINESS DEVELOPMENT DIVISION

Greg Sandbulte, Director
John Elden, Business Development Specialist
Rob Marwick, Business Development Specialist
Kathy Ashby, Secretary II

OFFICERS

Marilyn Krueger, Duluth, Chair
Armas Yuhala, Nashwauk, Vice-Chair
Harriet Headley, Twig, Secretary
Kjell Rodne, Treasurer

BOARD

William Corcoran, Grand Portage
Vincent Gentilini, Virginia
Lloyd Houle, Silver Bay
Gary Lamppa, Mt. Iron
Jack LaVoy, Cloquet
Clarence Maddy, Duluth
Colleen Nardone, Grand Rapids
Innis Nesbitt, Int'l Falls
L. H. (Gus) Schroeder, Hill City
Ronald Sherer, Grand Portage
Warren Youngdahl, Marcell

COMMISSION

Beverly Alexander, Int'l Falls
Robert Anderson, Two Harbors
Patrick Baudhuin, Hoyt Lakes
James Bovis, Cloquet
Gary Cerkvenik, Virginia
Frank Cerkvenik, Mt. Iron
Richard Chapman, Cook
Walter W. Culbert, Jr., Virginia
Duane S. Deschampe, Grand Portage
Donald Grubich, Mt. Iron
Thomas Hagadorn, Duluth
Carol Haney, Eveleth
Robert Hunger, Isabella
Freeman Johansen, Cloquet
Arno Kahn, Duluth
Mary Lou Kimball, Hill City
Robert Kind, Silver Bay
Craig Kronholm, Cook
Raymond Lally, Cromwell
Mark Monacelli, Virginia
Margaret Morris, Grand Marais
Dale Nelson, Iron
Vincent Nyberg, Coleraine
Henry Pappone, Virginia
Mario Retica, Hibbing
Darold Rosbacka, Grand Marais
Florence Saari, Jacobson
Robert Sederberg, Duluth
Robert Silver, Schroeder
Clarence Sundberg, Int'l Falls
Marcia Trumbull, Silver Bay
Joseph Wiener, Cloquet
Art Wills, Barnum
Trix Wyant, Palisade

Past members who served during 1984/85

John Erickson, Public Interest, Duluth
Steve Goldfine, Metropolitan Interstate Committee, Duluth
Doris Isham, Public Interest, Nett Lake
Richard Mahal, Public Interest, Babbitt
Richard Prebich, Public Interest, Eveleth
Kjell Rodne, Councilperson, Duluth
Darold Rosbacka, Councilperson, Grand Marais
Loren Rutter, Public Interest, Kinney
Melvin Tanner, Mayor, Cloquet
James Thompson, County Commissioner, Grand Marais
Jon Waters, Public Interest, Ely

PUBLICATIONS

East Range Economic Development Strategy and Action Program
Economic Assessments: Lake, Cook, Koochiching Counties
Mt. Iron/Virginia Transportation Assessment
Grand Marais Downtown and Waterfront Development Strategy
NE Minnesota Economic Adjustment Strategy
Minnesota Horticultural Peat Marketing Recommendations
Flood Bay Marina EIS
International Falls District Heating Preliminary Report
Forest Resource Profile of East Range
Transportation-Tourism Marketing Analysis
1985-86 Transportation Improvement Program
Regional Goods Movement Study—Final Report
Duluth Historic Trolley Feasibility Study
Lake County Business Retention and Expansion
Overall Economic Development Report—Annual Update
STRIDE 3-Year Evaluation (February 1985)
Evaluation: Discover Duluth Tour
Supplemental Security Income Working Paper
1985 Amendments to the 1984-86 Area Plan on Aging
1984 ARDC Annual Report
1985 ANNUAL WORK PROGRAM

CLEARINGHOUSE REVIEW

The Arrowhead Regional Development Commission serves as a clearinghouse for application for federal and state financial assistance on projects and programs in Northeastern Minnesota.

The number of reviews performed is not an indication of applications funded. Due to incomplete information on some proposals, the totals are approximate.

FEDERAL AGENCIES	# OF APPLICATIONS	FUNDING REQUESTED
Federal Highway Administration	1	\$ 2,625,000
Housing and Urban Development	2	2,312,500
Economic Development Administration	7	2,556,000
Health and Human Services	19	1,112,369
Urban Mass Transit	16	1,929,692
Farmers Home Administration	2	1,250,400
Land and Water Conservation	20	931,270
Federal Totals	67	\$12,717,231
STATE AGENCIES		
Department of Health	9	447,681
Small Cities Development Grant	16	11,064,600
Department of Transportation	5	4,821,684
Legislative Committee of Minn. Resources	5	130,263
MN Pollution Control Agency	2	4,832,532
MN Dept. of Energy and Economic Development	1	10,000
State Totals	38	\$21,306,760

For more information call 1-800-232-0707