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ING A BRIGHTER FUTURE.

IRON RANGE RESOURCES &
REHABILITATION BOARD

91/92

BIENNIAL REPORT

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1991/92

Pursuant to MS 298.22, sd 2



IRRR Board members: Front (l-r): Deputy Commissioner Gary Ellefson; Commissioner Jim Gustafson; Chair - Representative Joe Begich, District 6B; Vice Chair - Senator Doug Johnson, District 6; Back (l-r): Senator Sam Solon, District 7; Senator Bob Lessard, District 3; Senator Florian Chmielewski, District 14; Senator Ron Dicklich, District 5; Representative Jerry Janezich, District 5B; Representative Loren Solberg, District 3B; Representative David Battaglia, District 6A; Representative Tom Rukavina, District 5A; Commissioner Rod Sando, Department of Natural Resources.

Board Members

Representative Joseph Begich, Chairman	Eveleth
Senator Douglas Johnson, Vice-Chairman	Cook
Senator Florian Chmielewski	Sturgeon Lake
Senator Ron Dicklich	Hibbing
Senator Robert Lessard	International Falls
Senator Sam Solon	Duluth
Representative David Battaglia	Two Harbors
Representative Jerry Janezich	Chisholm
Representative Tom Rukavina	Virginia
Representative Loren Solberg	Bovey
Commissioner Rodney Sando, Department of Natural Resources	

Past Commissioners

Herbert J. Miller	July 1, 1941 - June 30, 1942
Robert E. Wilson	July 1, 1942 - May 1, 1949
Ben P. Constantine	May 1, 1949 - November 20, 1950
Edward G. Bayuk	November 20, 1950 - April 30, 1955
Kaarlo Otava	May 1, 1955 - January 4, 1961
Hyrom S. Sorenson	January 5, 1961 - February 2, 1961
A.M. DeYoannes	February 3, 1961 - May 1, 1971
Robert J. Scuffy	May 2, 1971 - January 10, 1975
Frank Ongaro	January 11, 1975 - December 31, 1978
Patrick J. McGauley	January 1, 1979 - December 31, 1982
Gary Lamppa	January 1, 1983 - February 27, 1987
Jack DeLuca	February 28, 1987 - January 8, 1991
Greg Love (Acting)	January 8, 1991 - February 1, 1991
Wayne Dalke	February 1, 1991 - May 29, 1992

To the Governor and Legislature of the State of Minnesota:

I am pleased to submit to the Honorable Arne Carlson, Governor of the State of Minnesota, and the Seventy-Eighth Legislature of the State, this twenty-fifth Biennial Report of the Iron Range Resources and Rehabilitation Board (IRRRB). This report serves as a recap of the IRRRB's activities during fiscal years 1991 and 1992 (July 1, 1990 - June 30, 1992).

This biennial report was prepared in compliance with Minnesota Statutes 1992, Section 298.22, Subdivision 2. It is available to members of the State Legislature, citizens and public entities.

As we move into the next biennium, the mission of the IRRRB will be:

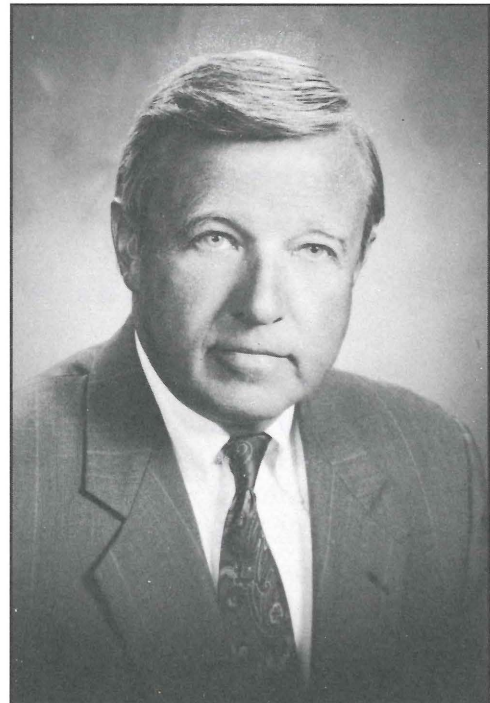
*First, to be careful custodians of the public money entrusted to us.
Second, to enhance the economic vitality of the Taconite Tax Relief Area
through value-driven, cost-effective projects and programs designed
for the long-range benefit of the region.*

Yours very truly,



Jim Gustafson
Commissioner

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Commissioner Jim Gustafson

Introduction

The Iron Range Resources and Rehabilitation Board (IRRRB) was created by the Legislature in 1941 to help strengthen and diversify the economy of northeastern Minnesota. As a state agency, the IRRRB is unique because it is the only state agency in Minnesota, and perhaps in the country, that focuses on a specific region of the state.

The IRRRB is also unique in that it is a state agency that receives no operational funding from the State General Fund. Rather, it receives its funding from a production tax that area mining companies pay in lieu of local property taxes. For this reason, IRRRB money is considered "local" and can only be used to fund projects within the Taconite Tax Relief Area (TTRA) of northeastern Minnesota as defined in Minnesota Statute 273.134.

The TTRA is determined by the boundaries of school districts containing unmined iron ore deposits, taconite plants or electric generating plants supplying electricity to the taconite plants. It encompasses Minnesota's three Iron Ranges: the Cuyuna, Mesabi and Vermilion, and covers all or portions of Cook, Lake, St. Louis (excluding Duluth), Itasca, Aitkin and Crow Wing counties.

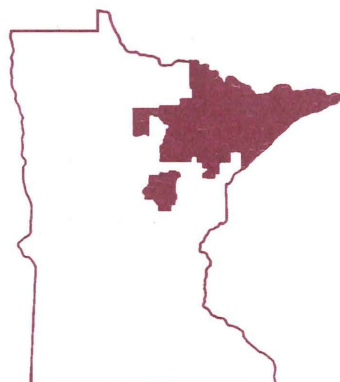
The IRRRB has nine program divisions through which it accomplishes its missions of strengthening and diversifying the economy of northeastern Minnesota. The program divisions include:

Building Demolition
Economic Development
Giants Ridge
Grants
Iron Range Research & Interpretative Center
IRONWORLD USA
Mineland Reclamation
Trails
Tourism

The FY91-92 activities for each division are included in this report. The biennium started on July 1, 1990, and ended on June 30, 1992.

Jim Gustafson of Duluth was appointed Commissioner of the IRRRB by Governor Arne Carlson on June 3, 1992. He was preceded by Wayne Dalke of Chisholm, who served as Commissioner from Feb. 1, 1991, to May 29, 1992. Commissioner Gustafson appointed Gary Ellefson of Ely as Deputy Commissioner on August 19, 1992.

Taconite Tax Relief Area of Northeastern Minnesota

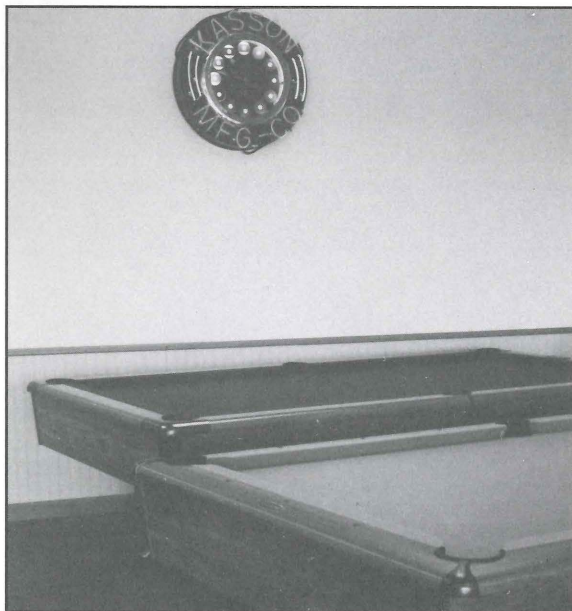


Economic Development

In 1983, the IRRRB established an Economic Development Division to administer money derived from the Northeast Minnesota Economic Protection Trust Fund, otherwise known as the "2002 Fund." Economic Development programs provide assistance to businesses and communities located within the Taconite Tax Relief Area (TTRA). These programs focus on the following industrial sectors: manufacturing and assembly, minerals, wood products, tourism and technologically innovative businesses.

To date, the IRRRB has participated in more than 150 projects, representing a total private and public investment exceeding \$200 million.

A prospective project or program is first reviewed by a technical advisory committee consisting of ten people with expertise in business and financial matters. Then, it must be approved by at least eight IRRR Board members and the Commissioner. It is then reviewed by the Legislative Advisory Commission before proceeding to the Governor for final approval.



Kasson Manufacturing, a pool table manufacturer, received a \$100,000 bank participation loan to expand its facilities in Babbitt.

Bank Participation Loan Program

The IRRRB works with regulated lending institutions to combine private and public funding into custom-designed financial packages for eligible businesses.

The IRRRB uses its Bank Participation Loan Program to buy up to a 50 percent participation in eligible business loans. The IRRRB portion of the loan is offered at interest rates three percent less than Treasury securities of comparable term on the date of project approval. This program provides significantly lower cost capital to the borrower.

The IRRRB Bank Participation Loan Program has been very well received within the financial community. IRRRB's primary role in the program is to facilitate the structuring of financial packages among the various parties involved. The application process for a bank participation loan ensures that the business will assemble the type of information which will facilitate analysis and decision-making for both the IRRRB and the bank.

During this biennium, the IRRRB facilitated the start-up or expansion of 22 businesses within the TTRA, resulting in a total of \$10 million in new business investments that created and/or retained more than 470 jobs.

Other IRRRB Financing

During this biennium, the IRRRB also participated in the financing of major projects such as MacMillan Bloedel and Northwest Airlines. These projects, which represent an investment of more than \$200 million, will create more than 400 jobs for the TTRA. These direct jobs will be supplemented by hundreds of indirect jobs as well.

Assistance to Businesses and Entrepreneurs

While the IRRRB often acts as a participatory lender in development projects, the agency also provides information and referral services to businesses ineligible for its financial program. Staff facilitates economic development projects through information networking and referral for entrepreneurs and existing businesses seeking to define their objectives. Staff also refers entrepreneurs to other providers which offer various types of technical or financial assistance including gathering information about employment availability and continuing education, or searching for a suitable location.

The IRRRB works closely with a number of organizations to promote and facilitate new business start-ups in the area, including the Arrowhead Regional Development Commission (ARDC), the Minnesota Department of Trade and Economic Development, Minnesota Power, the Natural Resources Research Institute (NRRI), the Northeast Entrepreneur Fund, Northeast Ventures, Northspan, the SBA-sponsored Small Business Development Centers and the UMD Center for Economic Development.

Business Marketing

In 1987, the Economic Development Division initiated a new marketing program to provide basic advice to new or existing businesses in areas such as product development and design, packaging, advertising, inventory control, warehousing and shipping. The IRRRB staff works with a consultant to carefully monitor each business to ensure that the scope of the services provided remains within acceptable cost and time limits. During this

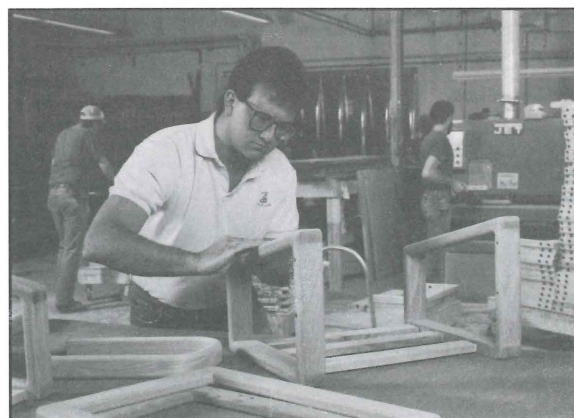
biennium, marketing assistance was provided to 49 businesses. To date, more than 120 Iron Range businesses have been assisted.

New Programs

In an effort to respond to regional needs, the division designed and implemented two new programs, the Storefront Renovation Grant Program and the Business Development Program for Municipal Buildings. These programs are unique in that grants are awarded to the communities, giving them the responsibility of administering the funds and also giving them the benefit of the returned payments.



Michael and Robert Valentini toast the completion of their storefront renovation project in Chisholm.



American Furniture Craftsmen in Meadowlands was a pilot project for the Business Program for Municipal Buildings.

Storefront Renovation Grant Program

The Storefront Renovation Grant Program was established to give cities the opportunity to assist retail/service businesses within their community. This program will provide a total of \$1.2 million over three years to communities to assist main street businesses with storefront renovation. So far, the IRRRB has made 27 grants totaling \$900,000 to communities, leveraging approximately \$1.2 million within the first two years of the program.

Based upon the allocation for each year, the IRRRB matches every dollar raised by the community with three dollars in grant funding. The store owner then applies to the city for

a loan, with an interest rate of no more than three percent. After the city makes this program available to store owners for at least five years, they may use the money that is repaid for other economic development projects. Please see Table 1 for a list of the storefront renovation grants awarded during FY91-92.

Business Development Program for Municipal Buildings

The Business Development Program for Municipal Buildings was established to help area communities utilize abandoned or underused buildings for economic development purposes. The program provides grants,

Table 1
Storefront Renovation Grants
FY91-92

<u>City</u>	<u>FY91</u>	<u>FY92</u>	<u>Total</u>
Aitkin	\$27,000	\$18,000	\$45,000
Aurora	\$54,000	\$24,000	\$78,000
Beaver Bay	N/A	\$21,000	\$21,000
Biwabik	\$15,000	\$27,000	\$42,000
Buhl	\$15,000	N/A	\$15,000
Chisholm	\$96,000	\$30,000	\$126,000
Ely	\$42,000	N/A	\$42,000
Eveleth	N/A	\$39,000	\$39,000
Gilbert	N/A	\$42,000	\$42,000
Grand Marais	\$21,000	\$18,000	\$39,000
Grand Rapids	\$30,000	N/A	\$30,000
Hibbing	\$96,000	\$30,000	\$126,000
Keewatin	\$15,000	N/A	\$15,000
Nashwauk	\$21,000	\$18,000	\$39,000
Silver Bay	\$21,000	N/A	\$21,000
Tower	\$21,000	\$6,000	\$27,000
Two Harbors	\$30,000	\$27,000	\$57,000
Virginia	\$96,000	N/A	\$96,000
TOTALS	\$600,000	\$300,000	\$900,000

not exceeding \$200,000, to communities for the renovation of municipally owned buildings for private business. The business tenant using the building repays the cost of renovation through lease or rent payments. The city may then use these funds for further economic development projects.

During this biennium, the Economic Development Division awarded grants to five municipalities for building renovation. The grants are listed on page 7.

RangeView

In April 1992, the IRRRB received a "Best of Class" award from the American Economic Development Council for its economic development publication, *RangeView*. *RangeView* features the people, resources and

economic development opportunities of northeastern Minnesota. It is distributed to 40,000 people nationwide, including nearly 30,000 former Iron Range residents. *RangeView's* primary role is to promote northeastern Minnesota as a great place to live, work and do business.

Future Direction

The IRRRB will continue to spearhead development in all sectors of economic opportunity including tourism, wood products, minerals and small business development. The IRRRB is confident that its diversification efforts will continue to stimulate and strengthen the economy of northeastern Minnesota. The agency's ability to be flexible and proactive will remain the key to future success.

Loans Approved for FY91-92

from the Northeast Minnesota Economic Protection Fund of the Iron Range Resources and Rehabilitation Board:

Arrowhead Promotion & Fulfillment Company, Inc.	Grand Rapids	\$210,000
C.H. Suites of Hibbing	Hibbing	\$250,000
City of Hibbing (Minnesota Diversified Industries)	Hibbing	\$250,000
E.V. Properties, Inc.	Eveleth	\$250,000
H-5, Inc.	Eveleth	\$250,000
Hedstrom Lumber Company, Inc.	Grand Marais	\$250,000
Improvement Limited Partnership	Hibbing	\$500,000
JAACO, Inc.	Deerwood	\$ 50,000
Kasson Manufacturing, Inc.	Babbitt	\$100,000
Lupin, Inc.	Grand Marais	\$ 75,000
Midland Standard, Inc.	Nashwauk	\$250,000
Mountain Inn	Lutsen	\$175,000
Pal-Pac, Inc.	Chisholm	\$ 10,000
Pelican Lake Land & Lumber	Orr	\$197,500
Precision CADD Services, Inc.	Grand Rapids	\$ 20,000
Vermilion Community College Foundation, Inc.	Ely	\$ 70,000
Woodline Manufacturing, Inc.	Eveleth	\$250,000
Total loans approved for FY91-92		\$3,157,500

Grants Approved for FY91-92

from the Northeast Minnesota Economic Protection Trust Fund of the Iron Range Resources and Rehabilitation Board:

Aitkin County Growth, Inc.	\$35,000
<i>To recapitalize a revolving loan fund</i>	
Arrowhead Community Economic Assistance Corporation	\$50,000
<i>To capitalize a microbusiness loan fund</i>	
City of Buhl	\$200,000
<i>Building Renovation Grant for Whiteside Shops</i>	
Chisholm-Hibbing Airport Commission	\$200,000
<i>Building Renovation Grant for Motherway Painting & Refurbishing Co.</i>	
Crow Wing County	\$125,000
<i>Reconstruct County Road #102 in support of the Trus Joist MacMillan project</i>	
City of Effie	\$ 35,000
<i>Building Renovation Grant for Little Dipper Company</i>	
City of Effie	\$ 16,000
<i>Building Renovation Grant in support of Little Dipper Company</i>	
City of Eveleth	\$ 35,000
<i>Building Renovation Grant in support of Federal Foam Technologies, Inc.</i>	
City of Hibbing	\$200,000
<i>Building Renovation Grant for MDI, Inc.</i>	
Mesabi Family YMCA	\$1,000,000
<i>Challenge Grant for construction</i>	
Mesabi Family YMCA	\$250,000
<i>Challenge Grant for endowment fund</i>	
Northspan Group	\$45,000
<i>Targeted Marketing</i>	
Northwest Airlines, Inc.	\$10,000,000
<i>For lease payments for Hibbing jet repair facility</i>	
Northwest Airlines, Inc.	\$10,000,000
<i>To fund part of the debt service for Minneapolis Airport Commission (MAC) \$50 million gap bond financing</i>	
Storefront Renovation Program	\$300,000
<i>Round Two Funding</i>	
Vermilion Community College Foundation, Inc.	\$62,500
<i>Aviation Program</i>	
Total grants approved for FY91-92	\$22,553,500

Giants Ridge Recreation Area

When the IRRRB purchased Giants Ridge Recreation Area in 1983, the following objectives were established:

- to provide quality recreational facilities which enhance the quality of life for the people of the Iron Range and the general public,
- to create economic development,
- to create a year-round destination resort/recreation area, and
- to draw world-class athletes and put Biwabik, Minn., on the map.

Giants Ridge can proudly announce it accomplished these goals in the past bien-

nium. Skier visits at Giants Ridge have now reached in excess of 128,000 and season ticket sales have climbed to 2,600.

Group skiers return to Giants Ridge year after year. Skiers in groups account for 40 percent of total paid skier visits, with most coming from the Twin Cities, Fort Frances and Winnipeg. According to John Olson, Jr., president of Leisure Time Tours, Giants Ridge is the premier ski area in Minnesota.

“Giants Ridge has the best service and chalet, friendly staff, prompt lifts without long lines, grooming that is out of this world and the best snowmaking in the industry,” he said.

Olson continued, “One word sums up Giants Ridge Ski Area as a whole: Fantastic! Giants Ridge will continue to see our clients for a long time to come.”

Revenue for FY91-92 reached in excess



The Giants Ridge chalet is nestled at the base of the Laurentian Divide.

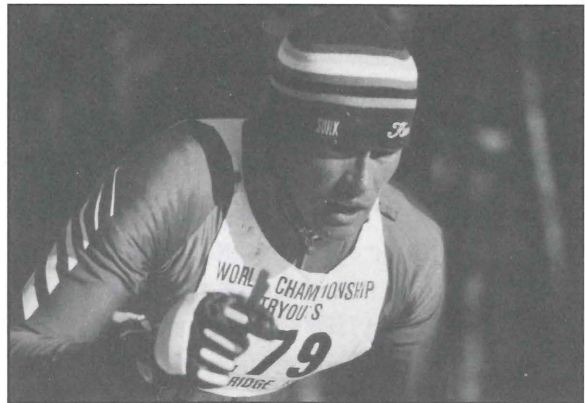
of \$1.2 million, matching anticipated operating expenses for the first time since the opening of the ski area.

In addition to the impact Giants Ridge has on the existing hospitality industry, the second and third objectives were accomplished through a public-private partnership formed with Taylor Investment Corporation to construct the Laurentian Resort on the shores of Wynne Lake, adjacent to Giants Ridge. To date, Taylor has constructed 10 single-unit villas. He is currently working on a six-plex that will be available for the 1992-93 ski season. Construction is also underway on an outdoor pool that will be completed next spring.

The Laurentian Resort not only provides on-site lodging to skiers, but also to year-round vacationers in northeastern Minnesota. Summer recreational activities at the resort include fishing, biking, canoeing, rollerblading and swimming.

Hosting prestigious cross-country events such as the Subaru USSA Cross-Country Championships in January 1992 have continued to establish Giants Ridge as a premier venue for world class competitions. In fact, Giants Ridge was selected as "Best Cross-Country Ski Resort in the Midwest" and "Top 10 North American Cross-Country Ski Resort" by Snow Country magazine in its March/April 1992 issue. The magazine rated all cross-country ski resorts in North America based on size, amenities, accommodations, grooming, lighting, snowmaking, etc. Both plaques are proudly displayed at Giants Ridge.

The Minnesota Special Olympic State Winter Games were held at Giants Ridge in February 1992. Athletes competed in events ranging from Alpine and Nordic skiing to figure and speed skating at various venues located in the surrounding communities. Approximately 300 volunteers helped to plan and manage all aspects of the event.



Cross-country races bring world-class competitors to Giants Ridge.



Skiers enjoy a spectacular view of the northwoods from the chairlifts.

Footnote: Shooting Sports

In 1989, the legislature appropriated \$400,000 for costs associated with planning for a national shooting sports center at Giants Ridge. The appropriation was made to the Department of Trade and Economic Development, with funding administered by the Minnesota Amateur Sports Commission (MASC). The IRRRB participated in the planning process and received reimbursement for planning costs from MASC.

In 1990, the legislature allocated a \$2.5 million grant for the IRRRB to construct the shooting sports center. This project was put on hold in 1992 and no expenditures or obligations have been made.

Grants Division

Since 1977, the IRRRB has granted more than \$143 million for projects such as water and sewer systems, airports, mineland reclamation, recreation, tourism, business development and community development. This money has been used by local units of government to leverage approximately \$300 million in other federal, state, local and private money.

The current IRRRB grants program began in 1977 with the creation of the Taconite Area Environmental Protection Fund, TEPF, (Minnesota Statute 298.223). Money deposited into this fund is derived from a production tax on taconite which is paid by area mining companies in lieu of property taxes. These

revenues are divided, through a complicated formula detailed in Minnesota Statute 298.28, among the IRRRB accounts, local units of government, nonprofit organizations and property tax relief. Because the money is derived in lieu of property taxes, it is considered "local" money and its use is limited to the Taconite Tax Relief Area (TTRA).

Grants are also made available through the IRRRB Board Account (Minnesota Statute 298.22). Through this account, the commissioner has the statutory authority to fund projects which aid in the relief of distress and unemployment due to the reduction or limited use of natural resources. Again, these funds are limited to eligible applicants located within the TTRA.

Each year from Jan. 1 through April 15, the Grants Division accepts project profiles from eligible grantees. The project profiles are reviewed by staff and those selected for further consideration are asked to submit formal applications prior to July 1. In September, a final list of recommended projects is presented to the IRRRB Board for approval. Projects approved from the TEPF are sent to the Legislative Advisory Commission for recommendation and to the governor for approval.



Camp Chicagami received \$150,000 grants in both FY91 and 92 to build a cluster of four year-round cabins served by an adjacent restroom facility. Total project cost was \$350,000.



Coleraine received a \$30,000 IRRRB grant to make improvements, including a gazebo (pictured above), an amphitheater, a bridge and a fishing pier, at Longyear Park. Total project cost was \$91,500.



Cook received a \$225,000 grant to construct a combination fire hall and ambulance garage. The rescue vehicles also serve the towns of Alango, Beatty, Owen, Angora, Field and Linden Grove. Total project cost was \$296,500.

Grants Approved for FY91-92

from the Taconite Area Environmental Protection Fund and the Board Account of the Iron Range Resources and Rehabilitation Board:

Aitkin, City of	Improve waste treatment facility	\$450,000
.....	New public library	\$15,000
Alden Township	Construct an addition to town hall	\$29,000
Arbo Township	Complete non-motorized multi-purpose trail	\$100,000
Arrowhead Economic Opportunity Agency	Construct a transit/storage facility	\$5,000
.....	Construct transit service building	\$80,000
Aurora, City of	Construct fire hall	\$200,000
.....	Construct new community center	\$75,000
.....	Complete community center	\$11,000
.....	Complete community center (shortfall)	\$200,000
Babbitt, City of	Construct drainage and streets	\$200,000
.....	Improve storm sewers and drainage	\$250,000
Bailey's Lake Beautification	Beautify lake area	\$25,000
Balkan Township	Improve community center	\$15,000
Balsam Recreation Department	Improve recreation area	\$4,000
Bass Brook, City of	Improve water system	\$200,000
Bigfork, City of	Extend water and sewer, R.V. dump	\$18,000
.....	Renovate city hall and library	\$100,000
Birch Grove Foundation	Improve building	\$50,000
Biwabik, City of	Construct public works garage	\$100,000
Biwabik Township	Complete fire hall (shortfall)	\$15,000
.....	Construct an addition to and improve town hall	\$40,000
Bovey, City of	Replace sewer line	\$30,000
.....	Improve water tower/waterline	\$150,000
.....	Improve water, sewer and manholes	\$40,000
Breitung Township	Improve McKinley Park	\$125,000
Brevator, City of	Construct a new fire hall	\$60,000
Buck Lake Improvement Club	Construct new community center	\$65,000
.....	Construct new clubhouse	\$40,000
.....	Improve recreational area	\$50,000
Buhl, City of	Reconstruct city hall/Seville Avenue	\$118,000
.....	Improve municipal building	\$10,500
.....	Reconstruct manholes	\$90,000
.....	Put a new roof on school	\$30,000
Buyck Volunteer Fire Department	Construct an addition to fire hall/community center	\$20,000
Calumet, City of	Replace water and sewer main	\$75,000
.....	Complete water and sewer extensions	\$20,000
.....	Complete water and sewer to Old Depot	\$20,000
Camp Chicagami Association	Construct additional cabins	\$250,000
.....	Construct a cabin cluster	\$300,000
Center Township	Install fire hall well	\$8,000
Central Lakes Volunteer Fire Department	Construct an addition to fire hall	\$30,000
Cherry Township	Improve recreation area	\$60,000
Chisholm-Hibbing Airport Commission	Repair parallel taxiway/runway	\$70,000
.....	Improve airport	\$47,000
.....	Acquire land	\$100,000
Chisholm, City of	Improve recreational area	\$10,000
.....	Improve sewer main/lift station	\$230,000
.....	Improve water/sewer/arena heating/ball field	\$165,000

Chisholm, City of	Repair library roof	\$60,000
.....	Improve sanitary sewer system	\$200,000
Chisholm Recreation Board	Improve ballfield	\$10,000
Chisholm Senior Citizens Board	Improve ceiling	\$5,000
Clinton Township	Improve recreation area	\$7,500
Coleraine, City of	Improve park	\$30,000
.....	Improve water treatment plant	\$200,000
Coleraine/Bovey/Taconite JWWC	Emergency holding system	\$50,000
Colvin Township	Expand fire hall	\$75,000
Cook, City of	Replace waterline, build multi-purpose trail	\$105,000
.....	Improve recreation area	\$200,000
.....	Construct ambulance garage	\$225,000
Cook County	Construct multi-purpose community center	\$175,000
.....	Construct golf course	\$25,000
.....	Improve airport	\$500,000
Crane Lake Snowmobile Club	Construct a cold weather testing/storage facility	\$35,000
Crane Lake Volunteer Fire Department	Dry hydrants	\$18,000
Crosby, City of	New city hall	\$150,000
CWDC	Construct cardboard box facility	\$100,000
.....	Provide cash flow	\$50,000
.....	Storage, improve building	\$100,000
Dean Lake Township	Construct water/septic system at town hall	\$10,000
Deerwood Township	Improve maintenance/meeting facility	\$50,000
Eagles Nest Township	Construct a new town/fire hall	\$170,000
East Range Day Activity Center	Construct storage garage	\$20,000
Edge of the Wilderness Golf Course, Inc.	Sprinkler/irrigation system	\$30,000
.....	Construct clubhouse/community center	\$35,000
.....	Complete golf course	\$25,000
Elmer Township	Construct well at the town/fire hall	\$6,750
Ely Airport Commission	Construct maintenance facility	\$60,000
Ely, City of	Reconstruct Sheridan Street	\$350,000
.....	Reconstruct Sheridan Street	\$150,000
Embarrass Township	Construct multi-purpose building	\$70,000
.....	Complete multi-purpose building	\$50,000
.....	Complete community hall	\$30,000
Emily, City of	Construct an addition to and renovate city hall	\$30,000
Eveleth, City of	Improve streets	\$35,000
.....	Revitalize downtown	\$50,000
.....	Improve water distribution	\$200,000
.....	Improve waste treatment facility	\$500,000
.....	Revitalize downtown	\$100,000
Eveleth/Virginia Airport Commission	Construct an addition to maintenance building	\$20,000
Eveleth West Side Civic League	Improve recreation area	\$4,000
Evergreen Volunteer Fire Department	Renovate fire hall	\$50,000
.....	Install dry hydrants	\$8,000
Fairbanks Township	Replace Petrell Hall heating system	\$2,000
Fayal Township	Repair ditch and roads	\$60,000
.....	Construct an addition to Ely Lake watermain	\$200,000
.....	Install water line	\$400,000
Feeley Township	Improve town hall	\$10,000
Field Township	Improve town hall	\$17,000
Franklin, City of	Improve storm sewer/drainage	\$90,000
French Township	Improve town hall complex	\$150,000
Gilbert, City of	Improve water and sewer	\$100,000
.....	Improve community center/curling club	\$45,000
.....	Improve water line/community center	\$250,000

Gilbert, City of	Upgrade water plant	\$150,000
Goodland Township	Complete town hall/fire hall	\$50,000
.....	Demolish building at town complex	\$10,000
Grand Marais, City of	Upgrade water plant	\$200,000
Grand Portage Reservation	Improve residence camp	\$10,000
Grand Rapids, City of	Construct multi-purpose trail	\$75,000
.....	Improve water/sewer	\$200,000
Grand Rapids/Itasca Airport Commission	Install Instrument Landing System	\$125,000
Grattan Township	Construct town hall	\$15,000
Greenway Joint Recreation Board	Improve ice arena	\$40,000
Greenway Township	Improve Twin Lakes beach	\$50,000
.....	Acquire skating rink	\$6,000
Greenwood Township	Construct an addition to fire hall	\$75,000
.....	Expand fire hall	\$40,000
Hazleton Township	Construct new town hall/garage	\$120,000
Hibbing, City of	Improve handicapped accessibility	\$200,000
.....	Improve water and sewer	\$250,000
.....	Improve Memorial Building	\$500,000
Hibbing Horseshoe Club, Inc.	Construct roof structure	\$30,000
Hibbing Joint Recreation/Park Board	Improve recreational area	\$5,300
.....	Improve recreational area	\$125,000
Hibbing Public Library	Improve service desk	\$19,000
Hoyt Lakes, City of	Construct city hall/library	\$400,000
.....	Relocate water source	\$200,000
Industrial Township	Improve community center/fire hall/recreation area	\$30,000
Iron Junction, City of	Complete waste treatment facility (shortfall)	\$20,000
Iron Range Township	Repair cemetery erosion	\$40,000
.....	Acquire and improve recreation area	\$50,000
.....	Improve cemetery	\$18,000
Ironton, City of	Extend water and sewer	\$250,000
Itasca County	Improve medical facility	\$150,000
Kabetogama Community Club	Improve recreational area	\$3,000
Kaleva Fraternal Lodge	Repair Kaleva Hall	\$10,000
Keewatin, City of	New fire hall	\$150,000
.....	Improve municipal drainage	\$75,000
.....	Improve storm sewers and drainage	\$100,000
.....	Construct new fire hall	\$100,000
Keewatin Elementary	Landscape recreation area	\$6,000
Kinney, City of	Complete Old North Society Building	\$10,000
.....	Construct new fire hall	\$75,000
.....	Renovate building	\$12,000
.....	Complete fire hall (shortfall)	\$10,000
Lake County	Improve Two Harbors Depot	\$100,000
.....	Improve water treatment	\$70,000
Lake County Historical Society	Renovate 3M Museum	\$23,000
LaPrairie, City of	Install municipal water supply system	\$450,000
Laurentian North	Install water supply/delivery program	\$75,000
Lawrence, City of	Construct town hall	\$15,000
Life Enrichment for the Elderly, Inc.	Construct an addition to building	\$200,000
Marble, City of	Improve water system	\$70,000
.....	Improve water system	\$150,000
McKinley, City of	Complete waste treatment facility (shortfall)	\$40,000
Mesabi Regional Medical Center	Expand/renovate medical complex	\$250,000
.....	Improve facility	\$74,500
Mission Township	Improve recreation area	\$50,000
Morcom Township	Improve community center	\$30,000

Morcom Township	Improve town hall	\$2,200
Mt. Iron, City of	Improve expressway development area	\$250,000
.....	Renovate storm drainage and sidewalks	\$250,000
.....	Revitalize commercial area	\$250,000
.....	Develop expressway area	\$60,000
Nashwauk, City of	Improve water and sewer	\$27,000
.....	Construct new fire hall	\$150,000
.....	Establish run-off control	\$90,000
Northeastern Minnesota Suzuki Institute	Acquire and repair building	\$25,000
Northern Lakes Girl Scouts	Upgrade camp facilities	\$450,000
Orr, City of	Improve waste treatment facility	\$165,000
.....	Construct municipal parking lot	\$60,000
.....	Extend water and sewer	\$100,000
Orr Minneonto TV	Acquire antennas and translator	\$30,000
Palisade, City of	Construct firehall/community center	\$110,000
Palisade Volunteer Fire Department	Install dry hydrants	\$3,500
Pike Township	Acquire town hall and improve cemetery	\$35,000
Pike/Britt Volunteer Fire Department	Expand fire hall	\$20,000
Portage Township	Improve drainage and roads	\$50,000
Range Artist's Association	Renovate facility	\$8,000
Range Center	Improve building	\$250,000
Range Women's Advocates	Purchase office equipment	\$5,000
Silica Community Club	Improve community center	\$3,000
Silver Bay, City of	Improve community center	\$150,000
Silver Creek Township	Construct new town hall/garage	\$100,000
St. Louis County Ag. Fair Assoc.	Extend sewer service	\$30,000
St. Louis County Fair Board	Improve building	\$43,000
St. Louis County Promotional	Complete bath/shower facility	\$70,000
Stoney Brook Township	Renovate town hall	\$40,000
Sturgeon Township	Construct new fire hall	\$35,000
Taconite, City of	Improve water system	\$38,000
.....	Complete well project (shortfall)	\$27,000
Toimi Community Club	Renovate Toimi School	\$30,000
Toivola Township	Replace furnace in senior citizen center	\$8,840
Tower, City of	Reconstruct Main Street	\$187,250
.....	Construct multi-purpose facility	\$275,000
.....	Improve airport	\$230,000
Twelfth Step House, Inc.	Repair roof	\$4,000
Two Harbors, City of	Improve airport	\$207,000
.....	Complete airport (shortfall)	\$35,000
.....	Construct new fire hall	\$250,000
U.S. Hockey Hall of Fame	Provide capital/operating costs	\$75,000
Vermilion Community College	Improve sewer	\$15,000
Virginia Area Historical Society	Expand historical exhibits	\$6,000
Virginia, City of	Reconstruct Third Avenue	\$200,000
.....	Repair steamline/improve streets	\$500,000
.....	Excavate at multi-purpose building	\$75,000
.....	Construct road in commercial area	\$150,000
White Community Hospital	Improve facility	\$80,000
White Township	Extend water and sewer	\$50,000
.....	Improve community center	\$150,000
Wildwood Township	Construct new town hall	\$25,000
Winton, City of	Complete wastewater treatment facility	<u>\$180,000</u>
Total grants awarded during FY 91-92		\$21,355,340

Iron Range Research & Interpretative Center

Iron Range Research Center

The Iron Range Research Center first opened to the public in 1980. At that time, it was the only facility in the state designed and constructed as a historical research library and archives.

The Research Center provides a secure, climate-controlled environment for the tacomite area's important historical documents, both public and private. These include municipal and township records, mining company documents, civic and fraternal records, the collections of individuals and groups and more than 100,000 photographs and slides. Major library collections include state and federal censuses, naturalization records, city directories, the collections of the Range Genealogical Society and microfilm of all Iron Range newspapers since 1887.

Recognizing the need to preserve and disseminate the history of the unique area known as the Iron Range, the Research Center was built to ensure these historical and cultural resources would not only remain on the Iron Range, but be available to all who wished to experience them. Therefore, the facility is dedicated to the memory of the immigrant peoples who settled this area of northeastern Minnesota.

Major activities for this biennium included publishing a volume of essays on early mining development and ethnic groups of



Authentically costumed dolls are on display in the Ethnic Arts area of the Iron Range Interpretative Center.

the Iron Range called *Entrepreneurs and Immigrants*, writing a fifty-year history of the agency, hosting annual genealogy conferences co-sponsored by the Range Genealogical Society and developing an education program for students.

This biennium saw the beginning of the Mesabi Range city centennials, and the Research Center assisted with photo exhibits, oral history projects and research to make the centennials a success. Beginning with Mt. Iron and followed by Virginia, Biwabik, Eveleth and Hibbing, the Research Center is assisting area communities in planning their 100th anniversaries.

Iron Range Interpretative Center

The Iron Range Interpretative Center, located at IRONWORLD USA, remains the premier facility for explaining to visitors, through exhibits and hands-on activities, the



Visitors can climb aboard vintage mining equipment on display at Mesaba Junction. Most of the equipment was donated by Rhude & Fryberger.

rich historical and cultural heritage of northeastern Minnesota.

Exhibits

During this biennium, several exhibits were renovated and improved and two new areas constructed. The taconite exhibit area is receiving a major overhaul to employ new exhibit technology and update the story of the rapidly changing taconite industry. Also, in this area, a new multi-media presentation on the taconite industry was completed and is available to visitors in the Center's theater.

Civilian Conservation Corps

The Civilian Conservation Corps (CCC) played an important role in the reforestation and conservation of northeastern Minnesota's forest resources. To commemorate that effort, a new exhibit will open at IRONWORLD USA in the spring of 1993, chronicling the establishment of the Superior National Forest, the CCC era and the continuing process of reclaiming abandoned minelands.

Mesaba Junction

Across the Glen Mine pit, in the loop of the IRONWORLD USA railroad, Mesaba Junction is developing. Opened during the 1992 season, Mesaba Junction allows visitors to enjoy a scenic walk on a mile of paved paths and learn about Iron Range industry and life. Beginning with the Wilpen Depot and a Glen Location house, the pathway offers spectacular views

and the opportunity to climb aboard vintage mining equipment, including trucks, shovels and drills from the natural ore era.

It is the mission of the Iron Range Research & Interpretative Center to collect, preserve and tell the story of the Iron Range to students and visitors to IRONWORLD USA. It is also the mission of this facility to provide the residents of northeastern Minnesota with historical and cultural resources so they may better understand their own rich heritage.



An original Glen Location house has been moved to Mesaba Junction and restored to give visitors a feeling of what it was like to live in a mining location.



At Mesaba Junction, the IRONWORLD USA trolley stops at the Wilpen Depot.

IRONWORLD USA

The marketing position statement for IRONWORLD USA describes the facility as "a theme park, the purpose of which is to preserve the rich ethnic heritage of the Iron Range region and to interpret the history of Minnesota's iron mining industry. It is also the entertainment center of the Iron Range."

The IRONWORLD USA complex in Chisholm, Minn., consists of the Iron Range Research & Interpretative Center, a 2.5 mile railroad system, a 1600-seat amphitheater,

beautifully landscaped Festival Park, a central pavilion which seats 300, and Glen Location, where mining and railroad equipment exhibits and a restored depot and location home await the railroad visitors. A privately operated restaurant and seven outdoor food concessions are available. A souvenir shop is located in the Interpretative Center. With a full-time staff of 25 and 75 students hired for summer work, the IRONWORLD USA complex explodes with excitement from mid-April to October 31.



IRONWORLD USA demonstrators not only show how old-world crafts are made, they also visit with patrons and share stories about the Iron Range.

Demonstration Areas

Unlike many other museums where eons of history are traced through art and artifacts, the primary focus of IRONWORLD USA is on people. Through the use of tape recordings, visitors become intimately acquainted with the European immigrants who settled the Iron Range one hundred years ago.

Mary Degubellis tells how, when she was a young girl, she and her mother journeyed from Italy to Chisholm via Seattle, Washington. James Kotonius, a Greek immigrant who worked on the railroad, describes early transportation on the Iron Range, and Helen Drazenovich Berklich recounts her experiences as a young girl working at a miners' boarding house in Nashwauk. Hundreds of such stories by miners, loggers, teachers, storekeepers, legislators and housewives from Italy, Finland, Croatia, Yugoslavia, Serbia and more than 40 other countries, have been recorded for visitors.

In Festival Park among brilliant flower gardens, visitors meet authentically cos-



The Avenue of Nations in Festival Park is a popular gathering spot at IRONWORLD USA.

tuned demonstrators who share old-world crafts learned from their parents or grandparents. These very crafts so lovingly presented to IRONWORLD USA visitors probably represented hours of pain-staking chores when they were children. Edythe Karlstrand shares her expertise on an old-fashioned loom, while Jean Jasinsky spins wool into yarn on a spinning wheel. Zachary Morgan is sometimes available to teach the intricacies of Swedish Dala woodcarving.

The Homestead demonstration area is being expanded to allow more interaction between visitors and the demonstrators. Plans also include a new area in which buckskin-clad woodsmen will demonstrate the skills and lifestyle of northeastern Minnesota's fur trading era.

While exploring the Interpretative Center, IRONWORLD USA visitors also get a chance to sample family recipes prepared with old country techniques that have been handed down from one generation to the next. In the demonstration kitchen, Loretta Toscano, the daughter of Mary Degubellis, makes delicious Italian cookies called pizzelles. On another day, Esther Norha demonstrates how to prepare sekahedelmakeito, more commonly known as Finnish fruit soup.

Although the focus is on the people who settled this region, the importance of the iron mining industry is shown in the taconite exhibit area. Visitors also learn about the unique geological formations which made this area the richest source of iron ore in the world.

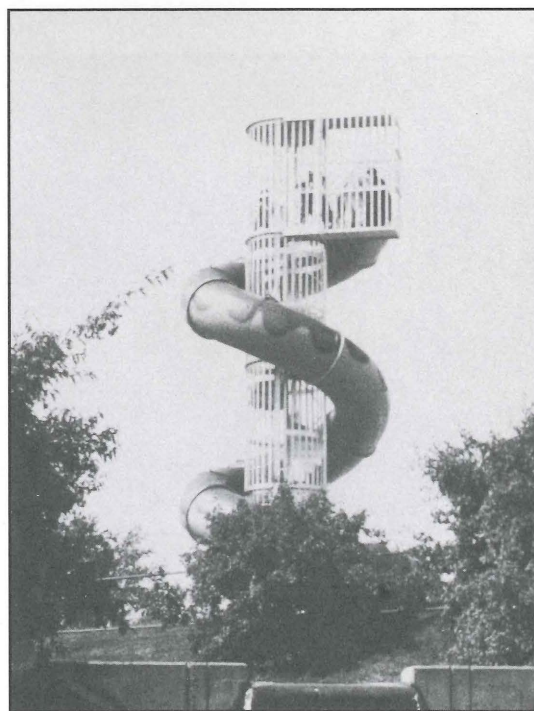
Mesaba Junction

A vintage electric trolley and open-car train transport visitors to Mesaba Junction where visitors disembark at a restored railroad depot for a tour of Mesaba Junction. In this area, a new exhibit has been developed featur-

ing vintage mine equipment displayed in a mine-like environment. An authentic miner's house, which was once part of the Glen Location, has been moved back into its original setting and has been restored to depict the early 1900 lifestyle of a typical Iron Range miner. Also at Mesaba Junction, Gloria Anderson weaves tales about her Scandinavian grandmother, and Casey Aro is on hand with his repertoire of amusing railroad ditties.

STARBURST

IRONWORLD USA's student performing group also underwent some changes during the past two years. During the 1991 season, the troupe focused only on ethnic songs and dances. During the 1992 season, STARBURST, a song and dance troupe consisting of young college-age performers, performed six shows daily in the Pavilion with an expanded repertoire consisting of ethnic, contemporary and children's entertainment.



The 31-foot high spiral slide thrills children of all ages.

Children's Area

Children who visit the park enjoy the children's area, which was completed in the past two years. The play area consists of radio-operated ore carriers and tug boats, a steam carousel, a playport and a giant 31-foot high spiral slide. The children also enjoy the antics of Julie and Pete who clown around, juggle and paint faces with colorful designs.

Star Series

Star quality entertainment continues to be a major source of revenue and attendance for the facility. Star Series concerts presented in IRONWORLD USA's amphitheater consistently draw more than 25 percent of total annual attendance. The 1991 and 1992 seasons included such stars as Tanya Tucker, Waylon Jennings, the Gatlin Brothers, Diamond Rio, Charlie Pride, Bobby Vee and Dr. Michael Dean.



Even the youngest visitors get into the swing of things during the Bavarian Summerfest, a Minnesota Ethnic Days celebration.

Theater Productions

Hundreds of children have participated in the two annual productions presented by the Prairie Fire Children's Theater. A local cast of approximately 100 children is required for each show. The children audition for parts and, after a week of rehearsals, present the production to the public on Friday evening.

During the 1992 season, IRONWORLD USA also undertook a community production of the long-running Broadway musical, "The Music Man." More than 250 local volunteers made up the cast and crew of this highly successful venture. During its five-day run, the show opened to rave reviews and played to near-capacity crowds.

Financial Summary

Attendance for the 1991 season was 120,381. During the 1992 season, attendance increased almost 10 percent to approximately 131,500 visitors. The upswing is attributed to a change in marketing strategy and a more aggressive advertising campaign. Random exit surveys indicate that 83 percent of these visitors are from outside of the immediate area, 42 percent of whom are staying one or more nights in the area. The remaining 17 percent are Iron Range residents. The per capita expenditure in the park averages about \$9.00.

The annual operating budget for the facility is just under \$2,000,000. As one of the state's major historical interpretation centers, IRONWORLD USA receives an annual subsidy from the IRRRB through the Taconite Area Environmental Protection Fund. In the last biennium, the subsidy was reduced from \$1.6 million to \$1.4 million. This subsidy can be looked on as an investment with an annual return of more than \$12.5 million dollars to the regional economy.

Mineland Reclamation

The Mineland Reclamation Division has been involved in reclaiming abandoned mining lands since 1978 when the Legislature gave the IRRRB the responsibility for the "reclamation, restoration or reforestation of minelands not otherwise provided for by State law." Since the inception of the program, more than 180 reclamation projects have been completed. They vary in scope and purpose from the stabilization of a pit wall on the St. James Pit in Aurora to the development of the Croft Mine Historical Park in Crosby.

Most projects are undertaken at the request of local units of government which are, upon completion of the projects, responsible for their maintenance. Projects are bid through the state system and are constructed by the contractor with the lowest bid.

This past year, Mineland Reclamation received an award from the Soil and Water Conservation Society for "an admirable job of reforestation and soil conservation on the Iron Range." The long-range goal of the division is to make abandoned minelands safe, productive and aesthetically pleasing.

A sampling of projects undertaken by the Mineland Reclamation Division during FY91-92 is included in this report.



This project, located on north end of Bovey, was completed in the spring of 1992. It consisted of resloping the Cannisteeo Stockpile and landscaping the area below it, which surrounds the city's ball park. The city of Bovey maintains the area.

Growth Chamber

The new Mineland Reclamation building, which contains the division offices, two growth chambers, headhouse, lab, classroom and storage areas, was completed in June 1991. The new building is located at IRONWORLD USA in Chisholm, Minn.

The growth chambers are used to produce 300,000 superior quality containerized tree seedlings each year. These seedlings are used to reclaim the abandoned minelands on the Cuyuna, Mesabi and Vermilion iron ranges. A growth chamber allows total control of the seedling's environment, which leads to increased production of seedlings in less time and uses less space than other conventional tree seedling production methods. Having two growth chambers allows the division to produce two dissimilar crops simultaneously.

The portion of the new Mineland Reclamation building containing the growth chambers and their support areas was completed in the spring of 1990. This allowed staff the opportunity to "shake down" the new state-of-the-art systems and produce 50,000 containerized tree seedlings during the summer of 1990. The winter of 1990-91 saw the facility up and



Having two growth chambers allows the Mineland Reclamation Division to produce two dissimilar crops per year for a total of 300,000 seedlings.

running with production of 150,000 tree seedlings for mineland reclamation projects and assorted wildflowers for the IRONWORLD grounds. The summer 1991 crop produced 158,000 jack pine, white spruce and caragana seedlings, while the winter '91-'92 crop produced 134,000 white spruce, red (Norway) pine, American Chestnut, bur oak, false indigo and black locust, as well as assorted wildflowers.

The Mineland Reclamation Division has been planting trees since 1978. A total of 1.8 million trees were planted from 1978-1992. Of this total, about 2,900 were planted with tree spades (6' - 8' tall), approximately 17,500 were transplant trees (2' - 4') and the remaining 1,790,000 were seedlings. The seedlings were either bareroot (600,000) or containerized (1,190,000). During the '91-'92 biennium, the division planted 307,000 seedlings; 3,500 transplants and 300 large trees (6' - 8').

Arbor Day Environmental Fair

Over the past three years, the Reclamation Division has coordinated the very successful Arbor Day Environmental Fair at IRONWORLD USA. In 1991 and 1992, 1,056



Students plant trees as part of the Arbor Day Environmental Fair. More than 1,000 fourth grade students participate in the event each year.

and 1,103 fourth-grade students, respectively, from 19 different school districts across the Range attended the two-day event.

Learning stations are set up throughout the complex and resource professionals from all over the state come to share their expertise through hands-on demonstrations.

Community Entrance Enhancement Program

During FY89, FY90 and FY91, the division worked with 61 communities on entrance beautification projects through the Community Entrance Enhancement Program (CEEP). Two examples of completed CEEP projects are the entrances into the City of Hibbing and Breitung Township, which includes the community of Soudan.

The City of Hibbing improved its west entrance by grooming the area, planting trees, upgrading the access road and adding lights.

Breitung Township used the theme of underground mining to beautify three entrances into Soudan with new signs and landscaping. The signs include large murals of underground mine scenes. An ore car filled with ore from the Soudan Mine is set at the base of each sign.



Breitung Township chose an underground mining theme for its community entrance enhancement project. The project highlights the fact that Soudan, located on the Vermilion Iron Range, is the home of the oldest, richest, and deepest underground mine in Minnesota.

White Pine Improvement Project

The division continues to play an active role in the Minnesota Tree Improvement Cooperative (MTIC). The MTIC actively works on improving the genetic quality of Minnesota's forest resources. One of the MTIC's most recent projects is to develop blister rust resistant white pine for reforestation. This project will take approximately five years and involves establishing, through grafting, a white pine Clonal Breeding Arboretum. The arboretum will allow controlled pollination and breeding. The grafting stock portion of this project is one year away from completion.

Arbo Township Tailings Basin

The division cooperated with Arbo Township to construct a recreation area on the tailings basin of the Lind-Greenway Mine. Erosion and hazardous areas were corrected in 1991, and in 1992, a sliding and picnic area with a walking path and parking area were constructed.

American Society for Surface Mining and Reclamation

The American Society for Surface Mining and Reclamation began in 1973 and now has more than 570 members in 37 states and seven foreign countries. ASSMR's goal is, "to encourage and assist any agency, institution, organization, or individual in efforts to re-establish, enhance, or protect the natural resources on lands disturbed by mineral extraction."

The 9th Annual National ASSMR Meeting was held on June 14-18, 1992, at the Duluth Entertainment Convention Center. The

theme for the meeting was "Achieving Land Use Potential through Reclamation."

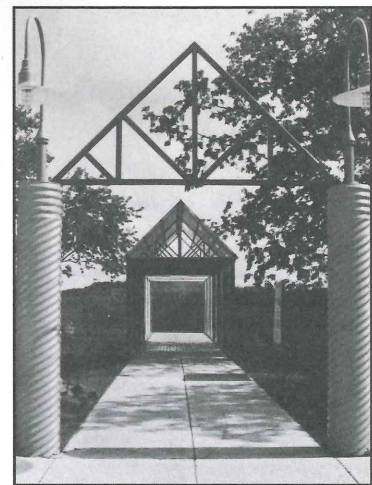
The planning committee included the IRRRB Mineland Reclamation Division and the Minnesota Department of Natural Resources - Division of Minerals, as well as other groups across the country which are involved in reclamation.

Finntown Overlook

The Virginia Area Development Association, in cooperation with the City of Virginia and the Oldtown Finntown Committee, requested that a historical mineview be constructed in the area of Virginia known as "Finntown." A unique mineview observation platform was constructed using architectural qualities of the Finntown building era.

The platform extends over the Missabe Mountain Pit, from which the viewer can look down into the Rouchleau, Sauntry and Norman pits on the eastern edge of the city. In addition to the observation platform, the project also includes a parking lot, sidewalks, ornamental fencing and landscaping.

The Oldtown Finntown Committee has asked the Virginia Chamber of Commerce to relocate to this area and is also seeking small shops to open there in the hope of drawing tourists to the area.



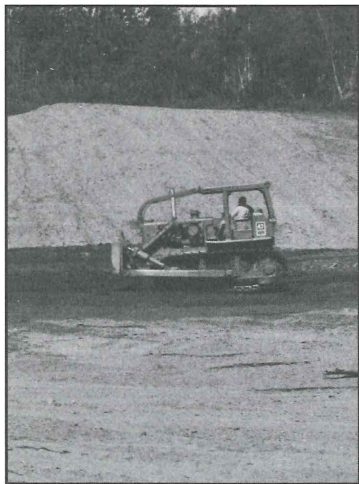
The Finntown Overlook on the eastern edge of Virginia offers a view of the Missabe Mountain, Rouchleau, Sauntry and Norman mine pits.

Hibbing Flying Club

The Mineland Reclamation Division, along with the Hibbing Area Remote Control Club, made improvements to the flying facility located in the Oliver Shops area of old North Hibbing. Work began in the fall of 1990 and was completed in 1991. The project consisted of adding paved extensions to their runways, as well as landscaping and seeding the surrounding areas.

Ironton Industrial Park

The Ironton Industrial Park, which received funding through the IRRRB Mineland Reclamation and Grants divisions, was completed in July 1992. Mineland Reclamation participated in the project because the industrial park was built on an abandoned mine dump just west of the city of Ironton. The



A bulldozer clears the land for Ironton's new industrial park.

Grants Division awarded the city a grant for sewer, water and road construction. Two businesses have signed letters of commitment and are expected to build during the fall of 1992.

Tioga Safety Barrier

Located on the western edge of the Mesabi Range, the Tioga Mine was one of the division's first reclamation projects. Initial

efforts included reshaping a portion of the state-owned pit bank, revegetating the eroded areas and installing a public access. This area was extensively used for fishing and swimming, but vandalism made it impossible to maintain the fence between the parking lot and the pit. To make the area safer, the fence was removed and a rock barrier, using very large boulders, was installed. This has proven to be an effective alternative to fencing at this site.

IRONWORLD USA

Erosion Control/Access Improvements

A drainage problem occurred while constructing the Mineland Reclamation facilities and reshaping the stockpile south of the parking lot at IRONWORLD USA. The drainage from the parking lot was being funneled into an unvegetated ravine area which caused considerable erosion. Staff worked with an engineering firm to design a water control system for the area.

The division also constructed an access road from the lower plaza to the amphitheater to allow for better servicing of both areas.

Judson Mine - Buhl

The Judson Pit is immediately adjacent to the city of Buhl. Work on this pit has proceeded in phases over several years, with the last and final phase completed in the fall of 1990. The Judson Pit has the distinction of being the first pit to be totally reclaimed. The steep, dangerous pits walls have been reshaped, and grass and trees have been planted to stabilize the slope. The Judson Pit, which can now be fished from its entire shoreline, has become a popular trout fishing lake which is stocked annually.

Building Demolition

Since 1972, almost every Iron Range community has taken the opportunity to rid itself of unsightly, dilapidated buildings through the IRRRB's Building Demolition Program.

The building demolition crew razed a total of 663 structures during this biennium (338 in FY91 and 325 in FY92). The total number of buildings razed since the start of the program in 1972 is 4,976.

The program assists local units of government (cities, townships and counties) and private individuals in the removal of dilapidated, abandoned, unwanted and hazardous structures. Buildings that pose a safety hazard and those razed to make room for new construction are a priority. The end result is the removal of eyesores and health hazards, which

paves the way for new construction, adds to the local tax base and provides a cleaner environment.

The demolition program is funded entirely by the IRRRB with no charge to the property owner for the service.



Demand for the IRRRB Building Demolition Program is so great that most applicants are on a waiting list for several months before their buildings are razed.

Tourism

During FY91-92, the IRRRB awarded \$594,696 in grants for tourism-related projects. Although the IRRRB has always recognized tourism as one of the most important components of northeastern Minnesota's economy and has operated major tourist facilities such as Giants Ridge and IRONWORLD USA, this biennium saw the first major efforts focused specifically on tourism programs, per se.

Northern Lights Tourism Alliance

In August 1991, the IRRRB began working with tourism industry leaders to develop a citizen's advisory group, called the Northern Lights Tourism Alliance (NLTA). The NLTA's mission is to "identify and implement plans to cooperatively market travel to and throughout the TTRA; to provide area information services, and to assist with industry development in order to maintain and increase the gross

sales of Iron Range travel-related businesses."

The NLTA played a major role in developing the FY93 budget for regional tourism activities which feature additional dollars for marketing and natural resource enhancement.

United States Hockey Hall of Fame

The United States Hockey Hall of Fame (USHHF) continues to be an important tourist attraction in the region. During the biennium, the IRRRB provided \$225,000 for capital improvements and operating capital to the USHHF. Through an employee interchange agreement, the agency also provided staff member Robert Scott to the USHHF, where he served as the executive director for two years. A major accomplishment during this time has been to establish a five-year capital plan designed to ensure the long-range viability of the USHHF.

Trails

The IRRRB's Trails Division is dedicated to serving local trail clubs and volunteer organizations. Its mission is to act as a catalyst and a resource for technical and non-technical assistance in the promotion, development and maintenance of the winter recreational trails in the Taconite Tax Relief Area (TTRA). The importance of quality winter trails for the regional tourism industry continues to grow each year.

Snowmobile trail development in the TTRA has reached a point where a majority of the major interconnections are in place, and the level of use is so high that there is a need to improve the existing system. Consequently, IRRRB grant priorities have changed from funding new trail development to an emphasis on projects resulting in reduced maintenance costs and increased safety for the trail users.

During this biennium, 14 winter-oriented recreation groups received a total of \$61,000 for improving trail systems or staging special events in the TTRA. In all instances, this

money was complemented by other funding sources and a high degree of volunteerism.

A coordinated advertising campaign is part of the agency's recognition that the trail system and the area service providers have matured to meet the demands of increased usage. It's also been recognized that the trails within the service area are an integral part of the total experience desired. Not only do the trail users come from various locations throughout the U.S. and Canada, group size and frequency of repeat visits to the area has increased. Several of the major out-of-state tour operators are now utilizing area trails for their tours.

Recently, the trails program embarked upon a program of providing assistance to various law enforcement agencies. Assistance has ranged from providing manpower and equipment for winter rescue operations, to coordinating the effort to identify available equipment and manpower capable of assisting in winter rescue operations within the TTRA.



Members of the '92 Governor's Ride enjoy the scenic snowmobile trails near Grand Rapids.



Financial Information

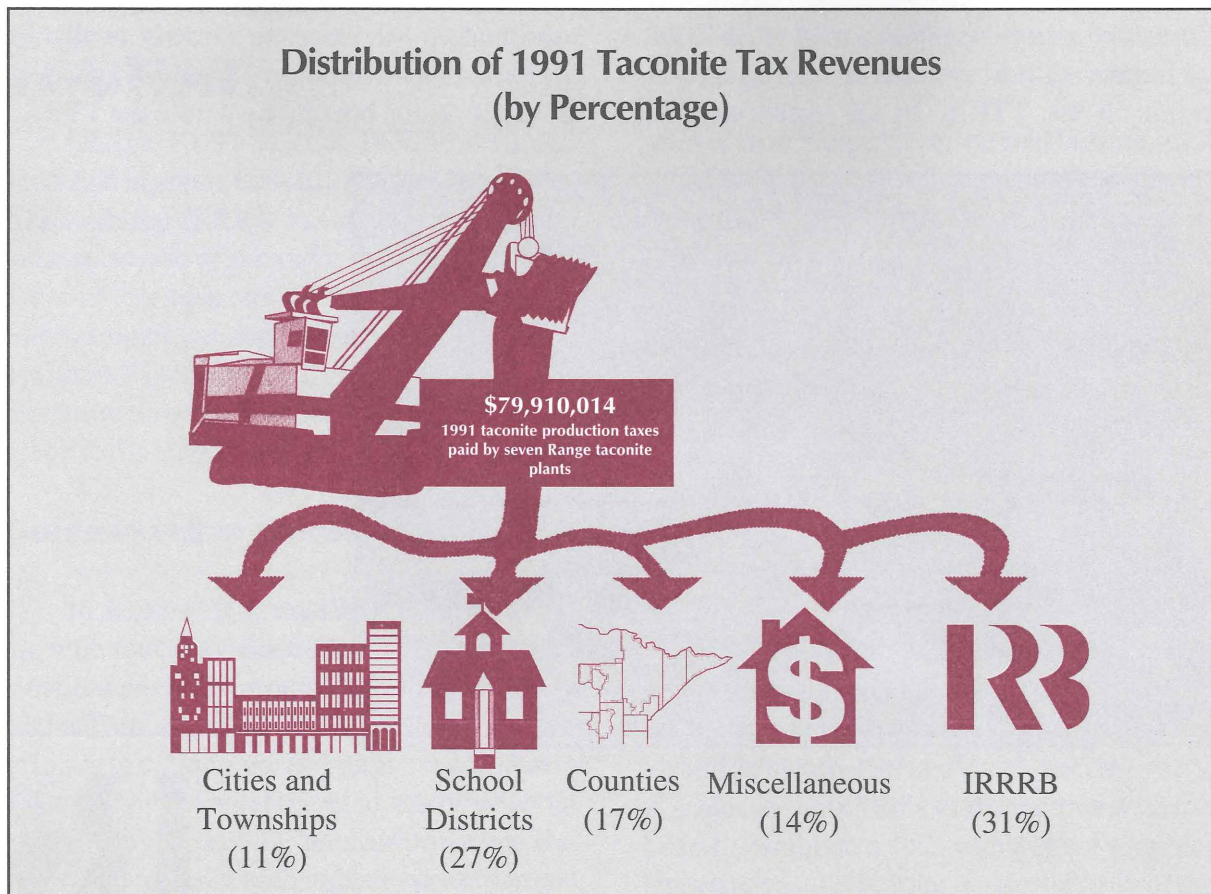
Taconite Production Tax Distribution to IRRRB

The taconite production tax, a portion of which funds the IRRRB, is paid by the mining companies on each ton of taconite produced. This tax is paid in lieu of, or instead of, a property tax. Thus the IRRRB is funded by Iron Range tax dollars and, as a State of Minnesota agency, the IRRRB acts as the fiscal agent for this money. The IRRRB receives no basic operational funding from the State of Minnesota general fund.

Taconite production taxes are based on the level of taconite production which occurs in each calendar year, and taxes are paid by the mining companies shortly after the end of the calendar year. The IRRRB also receives interest on any taconite monies which are paid to counties for other distribution as property tax relief or municipal aid.

The IRRRB operates on a fiscal year basis (July 1 - June 30), rather than on a calendar year basis, and generally budgets the expenditure of taconite tax payments for the year following receipt of tax monies. For example, taconite production taxes based on calendar year 1990 production levels were paid to the IRRRB during FY 1991 and were budgeted for expenditure by the IRRRB in FY 1992.

The taconite production tax rate for concentrates produced in 1990 was \$1.975 per taxable ton, which was the same as the 1989 rate. The taxable tons for the 1990 production tax is the average tonnage produced in 1988, 1989 and 1990.



Operational Accounts

IRRRB programs are funded through three different operating accounts: the IRRR Board Account, the basic operating account; the Taconite Area Environmental Protection Fund (TEPF); and the Northeast Minnesota Economic Protection Fund (NEPF).

Taconite production taxes are the primary source of funding for the Board Account and the TEPF. Interest earnings on invested cash and loan payback are the primary sources of funding for the NEPF. These tax receipts are received by the IRRRB in the spring of each year and are reserved (carried forward) for the next fiscal year, along with any other unexpended funds. The IRRRB operates on a fiscal year starting July 1 and ending June 30. Because of the unpredictability of the annual level of taconite production taxes, the IRRRB maintains a significant carry forward of funds each year. The carry forward to FY93 for all three operating accounts totaled \$28,954,151, which included \$5,980,541 to complete projects which were approved in FY91 or FY92.

Other revenue sources include interest earned on invested cash, admission fees from the agency's tourism facilities, loan repayments, and other miscellaneous refunds and revenues. By law, admission fees from the agency's tourism facilities must be deposited in the Board Account.

In addition to its three operating accounts, the IRRRB administers funds for economic and environmental development within Koochiching and Carlton counties. This "Supplemental Tax Account" is funded by occupation taxes as provided by Minnesota Statute 298.17. Except for an administrative charge, all funds are disbursed for projects at the request of each county.

Non-Operational Accounts

The IRRRB also administers the corpus of the Northeast Minnesota Economic Trust Fund (the "2002 Fund"). Interest earned on the corpus is credited to the IRRRB Northeast Minnesota Economic Protection Fund for economic development projects. Only the legislature can authorize appropriations from this corpus. For FY91-92 information about the corpus, see Table 2 below.

Table 2 Northeast Minnesota Economic Protection Trust Fund (Corpus)		
<i>Sources of Funds</i>	<i>FY91</i>	<i>FY92</i>
Prior Year Carry Forward	\$36,679,552	\$42,028,868
Unexpended balance from FY83 of \$10 million appropriation for economic development	\$4,082	
Taconite Production Taxes	\$5,490,806	\$6,686,660
Interest earned by counties prior to distribution of taconite taxes	\$160,020	\$138,647
Total Sources	\$42,334,460	\$48,854,175
 <i>Uses of Funds</i>		
Correction in tax receipts distributed for school aid	\$305,592	\$0
Carry Forward	\$42,028,868	\$48,854,175
Total Uses	\$42,334,460	\$48,854,175

Fiscal Year 1991
Statement of Sources and Uses of Funds as of 9/4/92

Sources of Funds	IRRR Board	TEPF	NEPF	SUPP Tax	Combined Total
Interfund Transfers In					\$0
Carry Forward	\$4,886,632	\$4,447,111	\$17,510,515	\$369,528	\$27,213,786
Taxes	\$3,578,456	\$13,995,513		\$404,606	\$17,978,575
Departmental Earnings:					
<i>Giants Ridge Receipts</i>	\$1,088,995				\$1,088,995
<i>IRONWORLD USA Receipts</i>	\$503,880				\$503,880
<i>Miscellaneous Receipts</i>	\$127,436	\$32	\$172,809		\$300,277
<i>Interest Earned on Invested Cash</i>	\$808,731	\$1,865,259	\$4,952,866		\$7,626,856
<i>Loan & Note Payments</i>	\$78,863		\$2,365,405		\$2,444,268
MASC Shooting Sports					
Planning Reimbursement	\$54,335				\$54,335
Total Sources of Funds	\$11,127,328	\$20,307,915	\$25,001,595	\$774,134	\$57,210,972
Uses of Funds	IRRR Board	TEPF	NEPF	SUPP Tax	Combined Total
Interfund Transfers Out					\$0
Transfer to State General Fund:					
<i>Administrative Cost Allocation</i>	\$127,925				\$127,925
<i>Amphitheater Loan Repayment</i>	\$44,800				\$44,800
Agency Activities:					
<i>Agency Operational Costs</i>	\$607,081	\$503,758	\$381,097	\$14,000	\$1,505,936
Business Development and Property Mgmt.			\$832,177		\$832,177
Community Development:					
<i>Building Demolition</i>			\$333,128		\$333,128
<i>Research & Planning</i>	\$524,942				\$524,942
<i>Mineland Reclamation</i>		\$1,019,219			\$1,019,219
<i>Carlton County Project Funding</i>				\$177,764	\$177,764
<i>Koochiching County Project Funding</i>				\$177,764	\$177,764
<i>Community Dev. Grants & Projects</i>	\$4,546,991	\$7,482,168			\$12,029,159
Tourism Development:					
<i>Trails</i>		\$268,357			\$268,357
<i>Giants Ridge</i>	\$1,315,419				\$1,315,419
<i>IRONWORLD USA</i>		\$2,110,592			\$2,110,592
<i>Tourism Promotion</i>		\$208,411			\$208,411
<i>Facility Improvement</i>	\$29,074	\$1,178,439			\$1,207,513
<i>Research Center Operation</i>		\$662,167			\$662,167
<i>MASC Shooting Sports Planning</i>	\$261,350				\$261,350
<i>Economic Development Grants & Projects</i>			\$1,915,803		\$1,915,803
Carry Forward	\$3,669,746	\$6,874,804	\$21,539,390	\$404,606	\$32,488,546
Total Uses of Funds	\$11,127,328	\$20,307,915	\$25,001,595	\$774,134	\$57,210,972

Fiscal Year 1992
Statement of Sources and Uses of Funds as of 9/4/92

Sources of Funds	IRRR Board	TEPF	NEPF	SUPP Tax	Combined Total
Interfund Transfers In	\$340,833	\$578,646			\$919,479
Carry Forward	\$3,669,745	\$6,874,804	\$21,539,390	\$404,606	\$32,488,545
Taxes	\$3,800,971	\$15,623,726		\$406,066	\$19,830,763
Departmental Earnings:					
<i>Giants Ridge Receipts</i>	\$1,296,928				\$1,296,928
<i>IRONWORLD USA Receipts</i>	\$541,135				\$541,135
<i>Miscellaneous Receipts</i>	\$183,291	\$9	\$173,923		\$357,223
<i>Interest Earned on Invested Cash</i>	\$668,190	\$1,949,546	\$4,623,525		\$7,241,261
<i>Loan & Note Payments</i>	\$103,787		\$1,706,479		\$1,810,266
MASC Shooting Sports Planning Reimbursement	\$102,988				\$102,988
Total Sources of Funds	\$10,707,868	\$25,026,731	\$28,043,317	\$810,672	\$64,588,588

Uses of Funds	IRRR Board	TEPF	NEPF	SUPP Tax	Combined Total
Interfund Transfers Out	\$578,646	\$340,833			\$919,479
Transfer to State General Fund:					
<i>Administrative Cost Allocation</i>	\$68,083				\$68,083
<i>Amphitheater Loan Repayment</i>	\$44,800				\$44,800
Agency Activities:					
<i>Agency Operational Costs</i>	\$740,724	\$575,557	\$283,211	\$14,000	\$1,613,492
Business Development:					
<i>Northwest Airlines Engine Repair Facility Grant</i>			\$10,000,000		\$10,000,000
<i>Business Development & Property Management</i>			\$815,793		\$815,793
Community Development:					
<i>Building Demolition</i>			\$302,176		\$302,176
<i>Research & Planning</i>	\$421,381				\$421,381
<i>Mineland Reclamation</i>		\$916,940			\$916,940
<i>Carlton County Project Funding</i>				\$195,303	\$195,303
<i>Koochiching County Project Funding</i>				\$195,303	\$195,303
<i>Community Dev. Grants & Projects</i>	\$3,818,347	\$7,763,496			\$11,581,843
Tourism Development:					
<i>Trails</i>		\$332,645			\$332,645
<i>Giants Ridge</i>	\$1,264,940				\$1,264,940
<i>IRONWORLD USA</i>		\$1,905,420			\$1,905,420
<i>Tourism Promotion</i>		\$225,717			\$225,717
<i>Facility Improvement</i>	\$111,355	\$515,970			\$627,325
<i>Research Center Operation</i>		\$674,315			\$674,315
<i>MASC Shooting Sports Planning</i>	\$19,597				\$19,597
<i>Economic Development Grants & Projects</i>			\$3,509,885		\$3,509,885
Carry Forward	\$3,639,995	\$11,775,838	\$13,132,252	\$406,066	\$28,954,151
Total Uses of Funds	\$10,707,868	\$25,026,731	\$28,043,317	\$810,672	\$64,588,588



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